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U.S. GOVERNMENT ANTI-NARCOTICS ACTIVITIES IN THE ANDEAN REGION OF SOUTH AMERICA

HEARINGS

BEFORE THE

PERMANENT
SUBCOMMITTEE ON INVESTIGATIONS

OF THE

COMMITTEE ON
GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

ONE HUNDRED FIRST CONGRESS

FIRST SESSION

SEPTEMBER 26, 27, 29, 1989

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U.S. GOVERNMENT ANTI-NARCOTICS ACTIVITIES IN THE ANDEAN REGION OF SOUTH AMERICA

TUESDAY, SEPTEMBER 26, 1989

U.S. SENATE,
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS,
COMMITTEE ON GOVERNMENTAL AFFAIRS,
Washington, DC.

The Subcommittee met, pursuant to notice, at 9:30 a.m., in room SD-342, Dirksen Senate Office Building, Hon. Sam Nunn (Chairman of the Subcommittee) presiding.

Present: Senators Nunn, Levin, Kohl, Roth, Cohen, and Rudman.

Staff Present: Eleanore J. Hill, Chief Counsel; John F. Sopko, Deputy Chief Counsel; Mary D. Robertson, Chief Clerk; Kim Wherry, Assistant Counsel; Leonard A. Willis, Investigator; Harold B. Lippman, Investigator; Cynthia Comstock, Staff Assistant; Daniel F. Rinzel, Minority Chief Counsel; Carla Martin, Minority Assistant Chief Clerk; Robert Harris (Senator Glenn); Aaron Bayer (Senator Lieberman); Bev Anthony (Senator Kohl); Anne Lewis (Senator Levin); Kim Corthell (Senator Cohen); Eric Whitaker (Senator Rudman); Scott Williams (Senator Nunn); Ellice Halpren Barnes (Senator Stevens); Thomas Maertens (Senator Cohen); and Chris Mellon (Senator Cohen).

[Letter of authority follows:]

U.S. SENATE,
COMMITTEE ON GOVERNMENTAL AFFAIRS,
Washington, DC.

Pursuant to Rule 5 of the Rules of Procedure of the Senate Permanent Subcommittee on Investigations of the Committee on Governmental Affairs, permission is hereby granted for the Chairman, or any Member of the Subcommittee as designated by the Chairman, to conduct open and/or executive session hearings without a quorum of two members for the administration of oaths and the taking of testimony in connection with hearings on the U.S. Government's Anti-Narcotics Activities in the Andean Region of South America on September 26, 27 and 29, 1989.

SAM NUNN,
Chairman.
WILLIAM V. ROTH, JR.,
Ranking Minority Member.

OPENING STATEMENT OF SENATOR NUNN

Senator NUNN. The Subcommittee will come to order.

Today, our Subcommittee begins 3 days of hearings on our Government's strategy to combat drug trafficking in the Andean region of South America. Over the years, this Subcommittee has held a number of hearings on our Nation's drug problem and the effectiveness of the Federal anti-drug effort. Unfortunately, in a great majority of these hearings, we've seen a rather bleak picture of our current struggle. The hearings have confirmed on a national scale what far too many Americans have seen in their own neighborhoods: the United States is losing its war on cocaine.

While the Federal anti-drug budget grew by more than 300 percent from 1980 to 1988, the supply of cocaine multiplied by 1,000 percent. While our money spent for interdiction increased by over 400 percent during the same period, the price of cocaine on the streets of America decreased to record low prices and increased to record levels of purity. During the same period, another good marketplace indicator—the number of emergency room admissions for drug abuse—also soared to all-time highs.

I raise these points to highlight two important points. The first is quite clear in light of recent events in Colombia, with the murder of presidential candidate Luis Galan, on August 18th, and the open declaration of war on the democratic Government of President Barco by the drug cartels. The urgency of the situation in the Andean region has been brought home to all Americans. Colombia and its neighbors in Latin America are being confronted with an enemy as brutal and as dangerous as that faced years ago in World War II.

In the midst of our concern over the alarming events concerning the Andes, it is also important to maintain a sense of optimism, however. The spread of terror and destruction in Colombia is being met with the full force and determination of the Colombian Government, bolstered by increased assistance from the United States. There are reports that these recent efforts against the cartels may have already resulted in an increase in the price of cocaine in Miami and elsewhere, possibly indicating that the available supply of cocaine on our streets has been cut.

I'm also encouraged by the fact that the Governments of the Andean region stand ready, willing, and able to cooperate in eliminating production in the region. All three countries have agreed to provide witnesses for our hearings this week. We look forward to that testimony tomorrow as an opportunity to explore what each of these countries is currently doing, what they plan to do in the future, and how the United States can best help them in these efforts.

I'm also encouraged by the direction our Government now appears to be taking in regards to the Andean region. We're paying attention to it for a change. President Bush and Director Bennett have recently announced a strategy that places greater emphasis on the region. This type of emphasis is, in my view, long overdue. Despite the fact that all of our cocaine, or virtually all of it, comes from these three countries, over the last 10 years amazingly little attention has been paid to the region.

In 1987, for example, U.S. anti-narcotics assistance for the Andean countries amounted to less than 1 percent of the amount the United States spent on all anti-drug activities. For 1989, foreign aid to all of Latin America, including the Andean region, amounted to a very small percentage of our overall foreign aid budget.

No one will argue that we should not continue to support our strategic interests around the world, but if America regards the drug problem as its most important social ill, which all recent public opinion polls appear to indicate, then we must devote sufficient resources to address the cocaine trade in the Andean region. It would be a tragedy of the highest magnitude if a very promising aspect of the drug war is left to wither on the vine due to inadequate support and lack of leadership on the part of our own country.

This is not to say that the solution to the problem in the region will come easy—we know it will not—nor even that a successful Andean strategy will be a panacea to our Nation's drug efforts. We will never successfully address that problem until we also effectively address our Nation's domestic demand for cocaine, marijuana, and other mind-altering substances. A focused international effort must be coupled with increased education and treatment programs here at home.

On the international front, I expect these hearings will also show that the cocaine situation is closely intertwined with other serious problems facing each of the respective countries in the Andean region. Overwhelming economic problems, including debt repayment, combine to limit the ability of these Governments to cooperate with the United States.

For example, in Peru, the gross domestic product went down 28 percent in the first quarter of 1989, with inflation running at over 25 percent per month. Aggravating this situation has been Peru's inability to make debt repayments which have triggered restrictions on United States and international assistance. In Bolivia, necessary though harsh measures by the Government to end the period of hyper-inflation that reached 24,000 percent in 1985, have unfortunately pushed unemployment to approximately 20 percent of the work force. Currently, it's reported that illegal coca exports are estimated to generate about $600 million a year in revenues, more than all the legal exports from Bolivia.

Moreover, we cannot close our eyes to the economic importance that the cocaine trade continues to play in the region. Especially in Peru and Bolivia, the Governments will find it extremely difficult to wean their citizens from the cocaine trade unless suitable economic alternatives are provided. Recent State Department estimates place approximately 300,000 people, or up to 30 percent of Bolivia's work force, dependent in some way upon the cocaine trade. Peru's narcotics-related employment has been estimated by the State Department to approach 15 percent of its national work force.

Colombia is heavily dependent on coffee and has a major complaint against the United States related to the breakdown of the existing International Coffee Agreement. I'm told that the coffee prices have declined from about $1.50 per pound to $.84 a pound in the recent time period.

As we review proposed U.S. efforts in this area, it is important to keep these figures in mind. What will be the short-term consequences if we demand that Peru and Bolivia crack down on the peasants who earn their living by growing coca? Will this drive them into the same arms of the unholy alliance of narco-traffickers and leftist insurgents? Will we further exacerbate the problems that Peru, Colombia, and, to a lesser extent, Bolivia currently face with terrorist movements?

In short, it is important that we pay close attention not only to the narcotics problem in the region, but also to the underlying economic issues that are at play in the region, and that we also not demand more than is humanly possible from our friends in that area.

As we increase our attention to the region, we must not ignore its political, social, and economic realities. We should not let our desire to help override the ability of these countries to help themselves. We must remember that we are dealing with sovereign nations with long and important histories of national achievement. There's a strong case to do more in the Andean region, but in doing so, I believe we must be certain that we do it as good neighbors with the cooperation and support of the people of the region.

[Senator Nunn's prepared statement follows:]

PREPARED STATEMENT OF SENATOR NUNN

Today the Subcommittee begins three days of hearings on our government's strategy to combat drug trafficking in the Andean region of South America. Over the years, this Subcommittee has held a number of hearings on our Nation's drug problem and the effectiveness of the federal anti-drug effort. Unfortunately, the great majority of those hearings have painted a rather bleak picture of our current struggle. They have confirmed, on a national scale, what far too many Americans have seen in their own neighborhoods—the United States is losing its war against cocaine.

As Aldous Huxley once said: "facts do not cease to exist because they are ignored". And the facts that many have tended to ignore are the figures of the marketplace. While the federal anit-drug budget grew by more than 300% from 1980 to 1988, the supply of cocaine multiplied tenfold. While our money spent for interdiction increased by 400% over the same period, the price of cocaine on the streets of America decreased to record low prices and increased to record rates of purity. During the same period another good marketplace indicator—the number of emergency room admissions for drug abuse also soared to all time highs.

I raise these points to highlight two important points. The first is quite clear in light of recent events in Colombia. With the murder of presidential candidate Luis Galan on August 18th and the open declaration of war on the democratic government of President Barco by the drug cartels, the urgency of the situation in the Andean region has been brought home to all Americans. Colombia and its neighbors in Latin America are being confronted with an enemy as brutal and as dangerous as that faced by Europe fifty years ago.

The name may have changed but the threat to democratic ideals is the same. Whether we call them cartels, M-19 or FLN in Colombia, the Shining Path in Peru or the Zarate Willka in Bolivia, these organizations form an unholy alliance between traffickers and terrorists against the freely elected governments of the Andean region. Their goal is to take over and impose upon their fellow citizens a regime tolerant of crime, corruption and brutality. Their tactics come directly out of the textbooks of Hitler and Musssolini of the 1930's. Murder, bribes, intimidation, xenophobic nationalism and distorted propaganda have become the watch-words of these groups in their quest for power. As a result, their threat is as great, if not greater, than any ever before faced by democracy in the region.

In the midst of our concern over the alarming events occurring in the Andes, it is also important to maintain a sense of optimism. The spread of terror and destruction in Colombia is being met with the full force and determination of the Colombian government, bolstered by increased assistance from the United States. There are reports that those recent efforts against the cartels may have already resulted in an increase in the price of cocaine in Miami and elsewhere, possibly indicating that the available supply of cocaine on our streets has been cut. I look forward to hearing from Director Bennett and representatives of the DEA this morning about this news. If accurate, this is truly good news, because it shows that an aggressive and comprehensive international program can be effective in the war against drugs.

Nature and historical accident has placed production for virtually all of the cocaine that comes to the United States in three countries of the world—Peru (approximately 60%), Bolivia (approximately 30%), and Colombia (approximately 10%). Although rather large in area, most of the coca leaf that is grown to produce this cocaine come from two valleys in the Andean region—the Huallaga in Peru and the Chapare of Bolivia.

Logic and common sense tell us that stopping coca in these valleys and countries may be far cheaper and more effective than trying to do so once it arrives in the United States. There are hundreds of thousands of street corners in America where crack can be sold. But there is only one Chapare and one Huallaga valley.

There are over 12,000 miles of U.S. coastline for the trafficker to smuggle his cocaine across, but there are only three countries where he now buys his coca leaf.

I am also encouraged by the fact that the governments of the Andean region stand ready, willing and able to cooperate in eliminating coca production in the region. All three countries have agreed to provide witnesses for our hearings this week. We look forward to their testimony tomorrow, as an opportunity to explore what each of these countries is currently doing, what they plan to do in the future, and how the United States can best help them in those efforts.

Lastly, I am encouraged by the direction that our government now appears to be taking in regards to the Andean region. President Bush and Director Bennett have recently announced a strategy that places greater emphasis on this region. This type of emphasis is, in my view, long overdue. Despite the fact that all of our cocaine comes from these three countries, over the last ten years amazingly little attention has been paid to the region. In 1987, for example, U.S. anti-narcotics assistance for the Andes amounted to less than 1% of the amount the U.S. spent on all anti-drug activities. For 1989, foriegn aid to all of Latin America including the Andean region amounted to a very small percentage of our entire foreign aid budget.

No one will argue that we should not continue to support our important strategic interests around the world. But if America regards the drug problem as its most important social ill, which all recent public opinion polls appear to indicate, then we must devote sufficient resources to address the cocaine trade in the Andes. It would be a tragedy of the highest magnitude if one of the most promising aspects of the drug war is left to wither on the vine due to inadequate support and lack of leadership on the part of the United States.

This is not to say that the solution to the problem in this region will come easy. Nor even that a successful Andean strategy would be a panacea to our nation's drug problem. We will never successfully address that problem until we also effectively address our nation's domestic demand for cocaine, marijuana and other mind-altering substances. A focused international effort must be coupled with increased education and treatment programs here at home.

On the international front, I expect these hearings will also show that the cocaine situation is closely intertwined with other serious problems facing each of the respective countries in the Andean region. Overwhelming economic problems, including debt repayment, combine to limit the ability of these governments to cooperate with the United States. For example, in Peru the gross domestic product shrank 28% in the first quarter of 1989 with inflation running at over 25% per month. Aggravating this situation has been Peru's inability to make debt repayments which has triggered restrictions on U.S. and international assistance. In Bolivia, necessary through harsh measures by the government to end a period of hyper-inflation that reached 24,000% in 1985, have unfortunately pushed unemployment to approximately 20% of the work force. Currently, it is reported that illegal coca exports are estimated to generate about $600 million a year in revenues, more than all legal exports from Bolivia.

Moreover, we cannot close our eyes to the economic importance that the cocaine trade continues to play in the region. Especially in Peru and Bolivia, the governments will find it extremely difficult to wean their citizens from the cocaine trade unless suitable economic alternatives are provided. Recent State Department estimates place approximately 300,000 people or up to 30% of Bolivia's work force depending in some way upon the cocaine trade. Peru's narcotics related employment has been estimated by the State Department to approach 15% of its national work force.

As we review proposed U.S. efforts in this area, it is important to keep these figures in mind. What will be the short term consequences if we demand that Peru and Bolivia crack down on the peasants who earn their living by growing coca? Will this drive them into the arms of the unholy alliance of narco-traffickers and insurgents? Will we further exacerbate the problems that Peru, Colombia and to a lesser extent, Bolivia, currently face with terrorist movements? Insurgent violence has already claimed the lives of 7,000 Colombians and 12,000 Peruvians during this decade alone.

In short, it is important, therefore, that we pay close attention to the underlying economic issues that are at play in the region and not demand more than is possible from our Andean allies.

One solution to this dilemma has been the recent strategy of the DEA Snowcap operations in Peru and Bolivia that targets the operations of the cartels rather than the activities of the peasant growers. David Westrate, who is in charge of operations for DEA, will report to us this morning on the current status of that program.

Another proposed solution is the State Department's strategy of developing realistic economic alternatives for the coca farmer. This program has had some success in Bolivia and tomorrow we will hear from Oswaldo Antezana, who is in charge of this program for the Bolivian government. Mr. Antezana has worked in the Chapare all of his professional life and will be able to provide us with the "human side" of coca production.

To conclude, one of the most common mistakes of the last ten years of our war against drugs has been the tendency to ignore the Andes, its people and their problems. That mistake, like a bad penny, has now, unfortunately, come back to haunt us.

However, in our rush to correct the mistakes of the past, it is important that we not compound the problem. As we increase our attention to this region, we must not ignore its political, social and economic realities. We should not let our desire to help override the ability of these countries to help themselves. We must remember that we are dealing with sovereign nations with long and important histories of national achievement. Such countries are as sensitive to their independence and sovereignty as we are.

For example, there has been much talk in the American press recently about sending U.S. troops to the region. It is important that before we seriously consider such a move, we listen to the people of the Andes to see if they want such help or even need it.

There is a strong case to do more in the Andean region. But in doing so, I believe we must be certain that we do it as "good neighbors" with the complete cooperation and support of the Andean people.

I want to add my thanks to Senator Roth and his Minority staff for their support in preparing for these hearings. Just two weeks ago, the Subcommittee, through their efforts, examined the nature and structure of the drug cartels. This week's hearings, building on that information, will examine our efforts, and those of our neighbors in Colombia, Peru, and Bolivia, to undermine the strength of those cartels in the Andean region. Again, I thank Senator Roth for his cooperation and look forward to this morning's testimony.

Senator NUNN. I want to thank Senator Roth and his minority staff for their support in preparing for these hearings. Two weeks ago, through their efforts, we examined the nature and structure of the drug cartels. This week's hearing builds on that information, and we will examine our efforts and those of our neighbors in Colombia, Peru, and Bolivia to undermine the strength of these cartels in the Andean region.

Senator Roth, I thank you, and I would be delighted to have your opening statement.

OPENING STATEMENT OF SENATOR ROTH

Senator ROTH. Thank you, Mr. Chairman: I commend you and your staff for holding this hearing on drugs and the Andean nations. These nations—Colombia, Bolivia, and Peru—are, of course, the key countries on the supply side of cocaine production. A full appreciation of what is currently taking place in each of these countries is essential if we are to formulate effective anti-narcotics policies in this vital region of the world.

Two weeks ago, as you said, Mr. Chairman, PSI held hearings on the structure and operations of the narcotics trafficking organizations in Latin America. We heard testimony from people on the inside of these narco groups who never before had spoken publicly.

We learned a great deal about the methods of operations of the traffickers. We also heard testimony about the potential threat to U.S. citizens and all who stand in the way of the terrorist traffickers. The hearings forcefully demonstrated that we need to change our strategy in the war on drugs—that for too long we have been hitting the enemy where it does not hurt. As I said at our earlier hearings, we need to think smart in the war on drugs. We need better intelligence gathering and better utilization of the intelligence we do have. That is, of course, the reason I have introduced legislation calling for the establishment of a National Drug Intelligence Center.

But we need more than better intelligence on the drug cartels. We need to develop a much more effective strategy in reducing the production of cocaine in this region. Our efforts, and those of the Andean countries, can be fairly described thus far as dismal failures, at least if we measure success by the amount of coca grown or the amount of cocaine shipped to the U.S. These numbers have been consistently rising in all three countries.

These hearings should give the Senate some real insight into what has not worked and why, and what might work in the future. Should there be greater emphasis on eradication, combined with alternative development? Or should even more resources be put into interdiction efforts? What can be done about the problems of widespread official corruption? How do guerrilla insurgencies affect the abilities of these countries to deal with drug production? What can be done to help make the internal criminal justice system of these countries more effective?

These are not easy questions, and we should not expect easy answers. But it is clear that we need a new, coordinated policy in this region. We must do what we can to prevent the drug-related terror and violence that have ravaged Colombia from spilling across its borders to its neighbors. At the same time, we must ensure that any assistance we give is used effectively. We cannot simply throw money at these countries and expect the drug problem to resolve itself.

I look forward to hearing from the witnesses today, and, again, I commend you and your staff for holding these hearings. Thank you.

Senator NUNN. Thank you very much, Senator Roth.

Senator Kohl.

OPENING STATEMENT OF SENATOR KOHL

Senator KOHL. Thank you, Mr. Chairman.

I am pleased that these hearings have been scheduled to explore and evaluate the various supply side options available to us in our war against drugs. While I am convinced that we cannot win this war without reducing the demand for drugs, I do not think we can ignore the potential for reducing the supply of drugs which cross our borders daily.

These hearings seem particularly relevant in light of the recent violence in Colombia due to the drug trade and the release of the President's drug plan just a few weeks ago. And while hearings have already been held to discuss the policy options on the domestic side, essentially law enforcement, education, and treatment, little attention has been paid to how we will spend money to curb the incoming supply.

I have said many times in the past few weeks that although I think the President's plan represents a good start, I do not think that it even begins to allocate sufficient resources. This battle against drug abuse and violence cannot be fought like a war unless we are prepared to fund it like a war. If this is our Nation's most serious problem, as most public polls and political statements would suggest, then I think we need to reallocate some of our spending priorities. But Congress, the administration, and the public could debate the level of funding from now until eternity. Actually, the last 2 weeks of debate between congressional Democrats and the White House have seemed like an eternity. But a compromise will be reached, and we will all have to work within the limitations of that agreement.

Given these limitations, however, one thing is for sure: We must do everything we can to squeeze the most out of every precious dollar we spend. The American public will not tolerate our throwing money at the problem. They want results, and that means that we in Congress, as well as in the administration, have to carefully examine the policy options and make informed, intelligent decisions about where to spend our money. We need to put aside politics and ideology and to spend our dollars on efforts which promise success.

That's what this hearing is all about—making sure we get the most out of dollars spent on supply reduction. If we're going to spend approximately 70 percent of our drug dollars to curb supply, then we'd better spend it carefully. So I commend the Chairman for scheduling this series of hearings, and I hope very much to attend as often as possible despite a very hectic schedule this week.

Thank you, Mr. Chairman.

Senator NUNN. Thank you, Senator Kohl.

We have as our first witness this morning one of our own colleagues and a real leader in the fight against drugs. Senator Specter has been involved in so many aspects of this area for so long that we feel that he's an old hand with great experience.

Senator Specter, we are delighted to have you to lead off this morning. We swear in our witnesses before the Subcommittee, so I will ask you to stand and please take the oath.

Do you swear the testimony you give will be the truth, the whole truth, and nothing but the truth, so help you God?

Senator SPECTER. I do.

Senator NUNN. Thank you. Senator Specter, we are pleased to have you.

TESTIMONY OF HON. ARLEN SPECTER, U.S. SENATOR FROM THE STATE OF PENNSYLVANIA

Senator SPECTER. Thank you, Mr. Chairman. It's the first time I've taken an oath in a while. I think it's a good practice, and I recommend it before all Senators speak on Capitol Hill.

Senator NUNN. If we started it on the floor, it would cut down the debate, anyway.

Senator **Specter**. That's precisely what I think this precedent now establishes.

Mr. Chairman, Senator Kohl, I appreciate the opportunity to appear before this Subcommittee today, and thank you for scheduling these important hearings. I realize there are substantial time constraints, so my testimony will be brief.

Mr. Chairman, for many years, I have worked on the internationalization of law enforcement, and I appear here this morning to testify in support of a multinational drug strike force to be organized to battle against drugs in the Andean region. This is an idea which has been in the forefront of the problem for some time. It has a number of advocates; one of them is Prime Minister Michael Manley of Jamaica. And when I visited the Andean region last year—Bolivia, Colombia, and Peru—I became convinced that this kind of a concept was necessary to really do the job on the destruction of the chemical laboratories and the other instrumentalities of the production of cocaine and other narcotics in South America in the Andean region.

I had a discussion with you, Mr. Chairman, and a colloquy during the consideration of the drug bill last year and, along with a number of other Senators, authored a provision calling upon the President to carry on negotiations through the Organization of American States to set up such a multinational drug strike force.

There is one aspect which is troublesome, and that is the issue of the use of United States military personnel. Without getting into the details because of the shortness of time this morning, it is my legal opinion that the current provisions would not preclude U.S. military involvement so long as they did not effect a search and seizure and that they did not effect an arrest, but that it would be appropriate for military personnel, DOD personnel, to be engaged with such a multinational force.

We have at the present time the anomalous situation where Drug Enforcement Administration agents, Federal employees, go out on raids with the Bolivian military, for example. Those men are 40 and above. They are not in the condition of our special forces personnel who are on the scene and who are currently precluded by U.S. military policy from participating in those activities.

Mr. Chairman, the resolution passed by the Senate last year calling for the President to move forward on this idea was laying dormant because there was no press or activity to call it to center stage. But that has occurred with the events of the past 45 days in Colombia, with the assassination of Senator Luis Galan and with the activities of President Barco, and now I believe that this matter is center stage and ought to be acted upon.

Last week, when the Senate considered the Department of State Foreign Operations appropriations bill, this Senator added an amendment which would authorize the use of funds for carrying out a multinational force. When the Defense Appropriations Subcommittee met 10 days ago, a Subcommittee on which I serve, I brought up my interest in offering such an amendment on the DOD appropriations bill, which I intend to do later today or tomorrow at the first opportunity, to bring a square focus of activity on the use of DOD funds and DOD personnel for such a multinational force.

Senator Nunn. Senator Specter, if I could interrupt you there, would that amendment authorize the President to use DOD funds in order to help participate in the international force? Is that the idea of the amendment?

Senator Specter. Precisely, Mr. Chairman.

Senator Nunn. It would be up to the administration to decide how to go about doing that? Would there be a mandate on the administration to get involved in a negotiation on that internationally?

Senator Specter. Well, there would not be a mandate, but there would be an authorization to use DOD funds for the purpose of a multinational strike force.

Senator Nunn. So if the administration wanted to do it, if we could persuade them to do it, they'd have the authority to do it; is that the idea?

Senator Specter. Precisely. It is my view that this idea is gathering steam at the present time; that it was on the back burner last year when we put the resolution into the drug bill. It is now coming into focus. It is a matter that you and I have discussed, Mr. Chairman, privately. It is a matter that I had an opportunity to call to the attention of the President personally the day that he gave his speech on drugs. On September 5th, he called a group of Senators and Representatives to meet with him at the White House, and I had an opportunity at that time to amplify orally the ideas which I had expressed to him in a letter. I've had a chance to discuss the issue with General Colin Powell and with national security coordinator Brent Scowcroft and the Attorney General and Drug Director Bennett and other people. And it is my view that if there is a position taken by the Senate and then by the Congress that this is an idea which ought to be advanced, that the administration would be willing to consider it in some depth.

I do not want to quote the President, but I think it is fair to say that this is an option which is at least worth considering. And what it does is to avoid the problem of the intrusion on national sovereignty which would be present absent the internationalization of such a strike force.

I had an opportunity to talk to Ambassador McNamara in August when the hostilities broke out. I had a chance to talk to him last week when he was in Washington, where he is currently. I've had a chance to discuss with President Barco these ideas when I was in Colombia a year ago and had a chance to talk to him by telephone in August about these subjects. Of course, he is going to be in the United States on Thursday of this week.

President Barco has concerns about any issue as to the ability of Colombia to deal with the problem themselves and also about the intrusion by the United States. That is why it is a matter which calls for internationalization.

I've had a chance to talk to Prime Minister Manley since the events in Colombia in August, and he advises that there is considerable international support, and the leaders of several nations are willing to make commitments to put troops into the region. So it is my judgment that now is the time to act.

Mr. Chairman, I am not going to go into a number of other arguments in favor of this issue because of the shortness of time, but I think it is worth just noting parenthetically that the idea of a multinational force is part of the broader activity by the United States to move in an extraterritorial sense, with the extraterritorial jurisdiction which we have conferred against terrorists, with the resolutions which have been passed calling for consideration of an international court, both as to terrorists and as to drug dealers, with discussions which Secretary of State Baker has had with Mr. Shevardnadze of the Soviet Union on international treaties as to drugs and terrorism. But given the gravity of the problem and given the specific situation in Colombia today, and given the background which has been established for this kind of a multinational force, it is my sense that it is ripe and sharply in focus, and that's why I wanted to utilize the past 7 minutes to present a nutshell of these views. And I will present them on the floor of the Senate to articulate them in some greater detail. I hope to get a strong showing by the Senate on the current defense appropriations bill about the legislative interest in pushing this idea forward.

Senator NUNN. Thank you very much, Senator Specter. I will be delighted to join with you and cosponsor that effort. I have been talking about it now for about 2 years. I believe that recent editorials that Prime Minister Manley wrote indicate that the support for that idea is spreading. I think his leadership is enormously important here, coming from a key country, a small but key country. I believe that when we are being called on more and more to get involved and yet there's extreme reluctance on the part of many countries—in fact, most countries—to have direct U.S. military involvement, this is a way to go.

I called Prime Minister Manley last week—I know you've talked to him—and I talked to him on the telephone for a few minutes. He stressed to me that what he had in mind was, first of all, to have this done under the broad auspices of the United Nations. I asked him that if the UN appeared to be too slow a route or too broad to begin with, whether he would feel that it could be done under the auspices of some smaller regional group in Latin America. The answer there was affirmative. He felt that it could start that way.

I would like to include here in the record a statement that I received from him.[1] I'm sure you have read something very similar to this, along with an article in the Wall Street Journal, which I would put in the record without objection.[2]

He emphasized to me that he had in mind not only a strike force, but also a broader concept which would involve intelligence sharing, training of various local forces by this international group, and also ground support for local forces.

He also emphasized that he had in mind the beginning of sharing and working together on education. He felt that law enforcement was nowhere near enough and was never going to solve the problem alone. I don't want to try to quote him directly, but this is the essence of it, and also the rehabilitation efforts. So he had in mind a much broader sweep, and I would hope that in the amendment crafted that's going to be presented this afternoon we could refer to these other areas so that it's broader than simply the strike force. But, of course, that's a very, very important part of it. I'd like to work with you on that.

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[1] See Exhibit 2 on p. 257.

[2] See Exhibit 1 on p. 256.

Senator SPECTER. Well, I'm delighted to work with you, Mr. Chairman, and will offer the amendment with you as cosponsor, and will broaden it. I had not referred to a series of documents, and I shall not enumerate them. But I would like to ask unanimous consent that my letter to President Barco, my letter to President Bush, and a letter to me from Prime Minister Manley be included in the record, which abbreviates the necessity for me to go into a number of points. I will not include in the record the Manley proposal, because you have already done so, Mr. Chairman. And I will be delighted to broaden the amendment to encompass the full thrust of the Manley proposal.

Senator NUNN. Good. We will work together on that, and we will, without objection, place that material in the record and avoid duplications where we have the same statement.[1]

Senator Roth.

Senator ROTH. Thank you, Mr. Chairman.

I just have one question. First, I want to congratulate my colleague. As usual, he's innovative and far thinking, and I congratulate him for that.

The one question I'd like to ask you, Senator Specter, is about the need for better intelligence gathering. That became pretty clear, I think, in our hearings a couple of weeks ago. We have a number of agencies involved, collecting, getting much information, but nowhere in the Government at this stage do we have this being collated, analyzed, and available for strategic planning. So I have suggested that we need a national strategic drug intelligence center.

Now, my intent is not to duplicate what's already being done but, as I say, to collate, analyze, and make available for strategic planning in our drug war. Would that not also be worthwhile looking at it from the standpoint of a multilateral force?

Senator SPECTER. Senator Roth, I thank you for your kind comments, and I think that it ought to be one of the facets in a multinational effort. Our intelligence gathering leaves a lot to be desired, which you and I and Senator Nunn all know from our work on the Senate Select Intelligence Committee. I believe that we ought to be applying more resources on the ground to human intelligence, to identifying the whereabouts of major drug dealers.

Right now, we have a nation which is willing to extradite drug dealers who can be taken into custody in Colombia. It was not always so. A few months ago, we could not get extradition. Were we in the position to know where these major drug dealers were if we had the intelligence, then it would be possible to take them into custody with the Colombian army or perhaps otherwise.

This is a failing of intelligence gathering worldwide. We see it with the absence of information about the location of our hostages. That came to the fore a month ago. Senator Nunn and I had a discussion on the Senate floor, and we adopted an amendment requiring DOD and CIA to tell us what it would take to locate our hostages to see if a rescue was possible. We have more than a dozen international terrorists under indictment where we have legal authority to take them into custody, bring them to this country for trial, like Fawaz Yunis was. And the same thing applies in the drug field. If we could locate these drug lords, this would be the perfect time while the circumstances are ripe to extradite them. So I think that is a very important aspect of a multinational effort.

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[1] See Exhibits 3-5 starting on p. 262.

Senator ROTH. Thank you, Senator Specter. I again express my appreciation for your being here today.

Senator NUNN. Thank you very much, Senator Specter. We appreciate your being here, and I will ask Eleanore Hill on my staff to work with yours. We'll be pleased to work with you on the floor. The defense appropriations bill is up right now. In fact, I have a pending amendment. I think Senator Roth is going to go over and speak about it this morning, I hope on the correct side of it. We'll excuse him if he's going to be on the right side of it.

Senator SPECTER. Thank you very much.

Senator NUNN. Thank you for being here. We appreciate it.

Our next witness is Dr. William Bennett, the Director of the Office of National Drug Control Policy. Since his appointment and particularly since September 5th, when President Bush outlined in a television speech the general provisions of the anti-drug strategy of the Bush administration, Dr. Bennett has certainly been one of the busiest men in Washington, and probably the Nation.

It's a great honor for us to have him here this morning to testify about one of the most important provisions of the administration's anti-drug strategy; namely, his initiative for the Andean region. We may or may not agree with every aspect of the Director's strategy, but I think that we can all agree that he has taken on one of the most difficult assignments in the U.S. Government. He is, of course, going to be needing an awful lot of help from both sides of the aisle, Democrats and Republicans, and, of course, I have pledged him my assistance. We will all work with him.

I appreciate his diligence and hard work, and we are pleased to have him on the way this morning. I understand he is about to arrive. We will suspend briefly until he does arrive.

[Pause.]

Senator NUNN. Director Bennett, we have just introduced you. We have just had testimony from Senator Specter—so you can be brought up to date—where he advocates an international or particularly Latin American regional strike force. We have put in the record a number of statements by Prime Minister Manley of Jamaica, and Senator Specter indicated he will have an amendment on the floor this afternoon giving the administration permissive authority to go forward with talking with other countries about that kind of strike force.

I know you have an opening statement this morning. We swear in all the witnesses before our Subcommittee, so I would ask you to please stand, and if your associates will be testifying, we will ask all of you to take the oath.

Do you swear that the testimony you give before the Subcommittee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. **Bennett**. I do.

Mr. **Walters**. I do.

Mr. **Carnes**. I do.

Senator **Nunn**. Dr. Bennett, we appreciate your being here. We know you are very, very busy, and we are honored to have you before this Subcommittee. I said before you came in that we may not agree on every detail, but you've got the toughest job in Washington, and I for one plan to support you every way I can. So we are pleased to have you this morning.

TESTIMONY OF WILLIAM J. BENNETT, PH.D., DIRECTOR, OFFICE OF NATIONAL DRUG CONTROL POLICY,[1] ACCOMPANIED BY JOHN P. WALTERS, CHIEF OF STAFF, AND BRUCE M. CARNES, DIRECTOR, PLANNING, BUDGET, AND ADMINISTRATION

Dr. **Bennett**. Thank you very much, Mr. Chairman.

I know you have pressing obligations. In the interest of time, I'll dispense with my——

Senator **Nunn**. We've got time for your statement. You go ahead, whatever you'd like to do.

Dr. **Bennett**. Let me briefly summarize it in terms of this Committee and its interests and the priorities of the strategy.

Remember that everything depends on people recognizing that the end aim here is to reduce the level of drug use in the United States. That's the bottom line. We want drug use down. Drug use is the problem.

President Barco was correct when he said in a recent speech that America's drug users are supporting the terror and the murder of innocent people.

If we accept the premise, the basic premise that drug use is wrong, the question is: What approach do we take, and particularly what approach do we take to the supply side of the problem?

Our general thinking on this, Senator, particularly as it involves our efforts in Latin America, is essentially what it was 6 or 8 weeks ago. What has changed is that events have moved the situation along. The effort by President Barco in Colombia against the cartel has obviously changed the situation, but not the basic principles of the strategy and not the basic aims of the strategy.

What it has done, I think, is shown that some brave people in at least one country are willing to take the fight to the drug traffickers and have some effect, I think we could argue some positive effect, on the drug trafficking. It's too soon to say. We don't want to get ahead of ourselves. We don't want to say that great things are happening and give people reason to believe they will continue to happen. But we do know that there has been a decline in trafficking. We do know that they're a little off balance. We also know that the cartel is probably waiting to see what happens in the next couple of weeks with regard to the Colombian judiciary and other decisions that will have to be made.

But, again, back to the basic premises: we should be working in them to help these countries make the fight for themselves. Now, President Barco's is making a fight for himself and for the Colombian people, and they are behind him. Can we see a similar effort in Peru and Bolivia? Maybe. Is our plan to encourage such an effort? Yes, by all means, it is. Is it inevitable that this will succeed? No, it is not. Are these the ideal countries for such an arrangement that we propose? No, they are not. Two of these countries are extremely poor. There are other problems that you know about very well. There are problems of insurrection; there are problems of Government instability; there are problems of corruption. We were not given the situation of 3 stable countries that are well off and eager to fight the drug traffickers on all fronts. Those weren't the cards we were dealt.

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[1] See p. 177 for Dr. Bennett's prepared statement.

Nevertheless, we think the plan that we have in mind—and we are certainly willing to make adjustments in this plan as time goes along—does make sense. We are proposing $2 billion over the next 5 years, in a combination of economic and military assistance. We would hope that the economic assistance would start once we see the effort on the part of these countries, Peru and Bolivia in addition to Colombia, to take on the drug trafficking.

Let me just add one other word. In talking about the fact that this situation is less than ideal, I should perhaps put it more starkly. There are risks to such a strategy. There are risks in this plan. Americans have said they want the drug war to end. They have said they think we should be doing more. They have said, as you know—you've read it, I've read it—that the U.S. military should be doing more. And we may all agree with that. But let's be clear and let's go into this with our eyes open.

We cannot guarantee that every American who sets foot on Colombian, Peruvian or Bolivian soil is going to have absolute security. We will try to provide the best security we can, but there will be risks. If we pursue the Andean strategy, if Congress decides that this is a wise investment of funds, Americans will be at risk. There is no way anyone can say they will not be at risk. Is it likely that some American over the course of the next couple of years may die in one of those countries? Yes, because of the nature of the drug trade, because of the nature of the situation in which they are entering. I'm not talking about a combat situation. This is likely to happen simply because of the nature of the situation.

What I'm saying is if we are to prevail on this side of the strategy, it's going to take some time; it's going to take steady application of pressure. It's also going to take patience on the part of the American people. It's going to take courage on the part of Americans in those countries on the ground in positions as trainers and advisers and mechanics and technicians. But it will also take a willingness on the part of the American people to understand that it is an exceedingly dangerous world, and we cannot guarantee that everyone who goes there will not be at risk. The risks are there. The risks are real. If we're going to pursue this strategy, we should pursue it with our eyes open.

That's it.

Senator **NUNN**. Thank you very much, Dr. Bennett.

In terms of the strategy, how would you describe our goals in those three countries?

Dr. **BENNETT**. Well, let me introduce John Walters, my chief of staff, who has been helping a great deal on supply side issues. He has gone to South America twice on my behalf. Let me also introduce Bruce Carnes of our Office of Planning, Budget and Administration.

The basic premise in the strategy is that drug use is wrong. Another premise in the strategy is that we should do what we can to disrupt and dismantle the major drug trafficking organizations. And if we disrupt and dismantle altogether, or if we disrupt and dismantle to some degree, we should see a positive affect by reducing the amount of cocaine, the supply of cocaine coming into this country.

Senator NUNN. Is our goal to drive the price up by a certain amount on the streets of America, or is our goal to reduce by a certain percentage, or is that quantifiable?

Dr. BENNETT. Yes. In the beginning people were saying to me let's get the price up and the purity down. But there are a lot of odd things about the market here that are hard to quantify. I think it would be good if we could get the price way up because that would mean fewer people would be buying it. But the essential point is we want less of it around.

One thing that we found from the studies that still isn't well known: Two groups that are particularly high in terms of their percentages in use of drugs and have a particular high incidence of drug use are the poor as a general category and health professionals. One of the things those 2 groups have in common is the widespread availability of drugs.

I think all Americans believe in the importance of the demand side and protecting children and getting their values right and insulating them as best we can. But if we are awash in drugs or if a neighborhood is awash in drugs or if a city is awash in drugs, it's going to be used. So back to the Andean strategy, we're trying to cut down on the supply, the amount of stuff coming in.

Yes, that should affect the price, but even if it doesn't—it's hard to consider how it wouldn't affect the price if there was less of it. But the main thing is to get less of it into American neighborhoods and schools.

Mr. WALTERS. The effect depends on how demand relates to supply. If we drive down demand more quickly than we drive down supply, the price will drop rather than increase. So it depends on how successful we are, and it will probably vary from place to place.

Senator NUNN. Do we have anything that we can measure 2 years from now and say our Andean strategy is working or it's not working? What are we going to judge ourselves by and our efforts by?

Dr. BENNETT. Well, I will ask John to comment, too. These are imperfect measures, as you know, but I think we'd probably use—well, we'd go back to the bottom line, again, and talk about drug use. Two years might be too soon, but let's take a look in 2 years and see. But I think we'd look, Senator, at some of the things we're looking at now, such as when the commandant of the Coast Guard calls me up and tells me right now there is less traffic, there's less cocaine moving; when we see the price of cocaine going up by the kilogram in Miami or other cities; when we find out through intelligence means that there's been a disruption of the trafficking, say from Peru to Colombia. These are the kinds of indices I think we'd use.

Mr. WALTERS. The strategy itself sets as a 2-year goal at 10 percent reduction in cocaine, marijuana, heroin, and dangerous drugs entering the United States and a 50 percent reduction in 10 years in the same drugs.

Dr. BENNETT. It's difficult to measure those things with precision, as I was saying, but we'll do the best we can. I think most people know now that there is less cocaine moving in. Is it having an effect on the street? It's hard to say. But we think that there's a big pipeline that's backed up anyway, and you'd have to exhaust that pipeline before you'd see some effect in terms of a price increase.

Senator NUNN. We are told by our staff study that will be presented later this week—our people have been down there now two times and looked at all of those countries. We are told that most of the cocaine in the United States comes from Colombia, Peru, and Bolivia. Is that correct?

Dr. BENNETT. Right. I think most of it. In fact, some 60 percent is cultivated in the Huallaga Valley in Peru. Colombia is not a very big grower of coca, but it's a big processor and shipper.

Senator NUNN. What happens if we do succeed in really cutting down the growth and supply coming from those countries? Is coca the kind of crop that can simply be shifted elsewhere?

Dr. BENNETT. I'll have to defer to John. On my reading and my conversations with people, the conclusion I get is this: A, Yes, you can grow coca elsewhere, B, it's not as easy as you think. C, it takes time to shut down and then start up a new operation. That would be a major disruption if they had to shift countries. And, D, apparently the cocaine out of the Huallaga Valley is treasured as the best quality of coca.

John?

Mr. WALTERS. Yes, Senator, some estimates have shown that coca can be grown in a variety of locations of the Andes.

Dr. BENNETT. Brazil, I guess, is starting to become more active in area of drug production.

Mr. WALTERS. And Ecuador and Argentina have also seen some growth. But there is a significant difference based on the information we've received on the quality of the coca for the production of cocaine. The cocaine hydrochloride content of the coca grown in the Huallaga Valley, for example, is estimated to be 10 times higher than that grown in Colombia. So aside from the time it takes and depending on the exact—whether you're talking about a triple canopy jungle that has to be cleared or other things, it could take about 2 years to clear and develop an area for production.

In addition, the amount of growth that has to be substituted for a given area that's taken out of production will vary depending on the particular soil and climatic conditions. It can't be moved; it can't be moved anywhere. There are problems facing the producers as well as those trying to combat trafficking.

Senator NUNN. Have you seen any signs of synthetic cocaine being produced, laboratory cocaine? We had testimony a year ago from people that supposedly had studied the situation that said, in effect, that if we shut off all cocaine coming in this country, that within 60 to 90 days we'd have cocaine laboratories in the United States because it can be produced synthetically. Have you heard that? Are you familiar with that? Is that accurate?

Dr. **Bennett**. No, I haven't heard it. Such talk may be around and there may be such capability, but I have not seen any evidence of it. I would wonder, if that is possible, why people haven't done it given that they've shown a capacity to produce other things domestically in labs.

Senator **Nunn**. I was told it was cost.

Dr. **Bennett**. Cost? Yes.

Senator **Nunn**. That it's more expensive.

Mr. **Walters**. We have heard a concern about people shifting to other drugs—for example, smokable methamphetamine and so forth—and some concern about a synthetic version of cocaine. But I've not heard that there's an actual formula that's been created or that's marketable at this point.

Dr. **Bennett**. The economic motives here would be very strong if you could do it. If you were a mid-level or higher-level dealer in a major metropolitan area, if you could make your own and cut out Colombians, in effect, you could add to your profits considerably. So that's just a question I'd have of casting some doubt on the feasibility of it.

It's complicated. I wish it were more complicated. I wish it were more difficult, but it is complicated to a degree to move the stuff to Colombia, to have the stuff go out of Colombia and come into the United States. If somebody could do it in a lab in Southern California where they're doing crystal methamphetamine, I would think they would have done it by now. But I don't know.

Senator **Nunn**. One of the things that many people have been discussing and there's some controversy and some confusion surrounding it, have been recent press reports referring to a classified administration document which purportedly allows U.S. military forces to be directly involved in Andean country anti-narcotics operation. Also, the U.S. Ambassador to Bolivia earlier this year proposed that U.S. Special Forces troops should replace DEA personnel in joint U.S.-Bolivian anti-drug operations.

What is the current role of U.S. armed forces in Andean country anti-drug operations?

Mr. **Walters**. Well, the administration has been open about the changes in the way in which military personnel will be used. The Defense Department has made it clear that commensurate with the President's decision in connection with the strategy, they will allow the use of U.S. personnel on appropriate training and logistical support roles in the nations where we have ongoing programs, where we're invited in and where we're trying to help those nations deploy their own resources more effectively against traffickers. There's no secret part of this that involves using military personnel in some role beyond that. They will not go on operations under these rules. However, they will be able to provide training and support.

Senator **Nunn**. What kind of reception have you gotten from these three countries—Colombia, Peru, and Bolivia—regarding U.S. military forces and the possibility of using them for training or specifically in operations? Have they said one way or the other whether they do or do not want the U.S. military forces involved? Let me ask the question first regarding training and second regarding actual operations.

Dr. **Bennett**. Well, in regard to training, obviously the answer from the Colombian Government was in the affirmative. President Barco wanted the trainers who are there now on the ground with the equipment. And I would expect that in the future we'd get a similar response from Peru and Bolivia. Preliminary conversations our ambassadors have had with people in those countries—and I met with our ambassadors last week—suggest that they would be open to that.

In terms of—what was the distinction you used? Training and combat?

Senator **Nunn**. Training and combat. I said operations.

Dr. **Bennett**. Operations. I think there is no interest in having U.S. troops in those countries engaging in operations, even, I think, to accompany people on lab busts and other things. I think there's very little interest in that. President Barco has been emphatic that the presence of U.S. troops in a combat role would not only be unwelcome from his point of view, it could shift public opinion dramatically, and turn people against his effort. And I would anticipate at least the same sentiment from people in Bolivia and Peru.

Senator **Nunn**. Can you speak to the rules of engagement of our U.S. Special Forces in, for instance, Bolivia? We've been told that the rules of engagement allow medics and communications personnel to travel with the operation teams to the site of the actual operation, although they do not actually participate in law enforcement activity. Is that accurate? Is there a clear line here?

Dr. **Bennett**. I believe that's right.

Mr. **Walters**. Yes. I think up to this point there has been a practice of using them at least to some extent in the roles you described. One of the reasons for the administration clarifying the proper rules governing use of military personnel is because there has been some ambiguity here. And what we are trying to do is make sure that Americans are not conducting operations but are supporting the indigenous personnel of these countries in conducting operations by giving them the training and logistical support they need.

Our goal is to not be out in the lead, but to be helpful to these nations in taking care of a problem that's within their sovereign territory.

Dr. **Bennett**. Could I just comment, Senator? I think that's right, John's right; that is, not to have our people out in the lead conducting these operations and doing what really should be done by the army of the host country. But this doesn't mean—again, back to my opening statement. This doesn't mean that our people aren't going to be in harm's way from time to time. It cannot be concluded that because people are in harm's way they are, therefore, doing something they shouldn't be doing. And flip it around. It also cannot be concluded that because people are not engaged in a combat or operational role they are, therefore, immune from danger. They're not. Again, we just have to be as clear as we can on this, as honest as we can.

Senator NUNN. Let me ask one more question along this line, and then I'll defer to Senator Roth and Senator Cohen.

Jamaican Prime Minister Manley has proposed more international cooperation, not simply in law enforcement but also in education, rehabilitation, pooling intelligence and so forth. Could you give us your reaction to the suggestion Senator Specter plans to introduce a bill on the floor this afternoon, an amendment, that would give the administration permission to begin discussing the use of a joint international task force or Latin American task force? Could you react to that specifically? Also to the broader aspects of regional cooperation broader than simply law enforcement, also on education and health?

Dr. BENNETT. Yes, sir. I've been meeting the last few weeks, I think largely because of the Colombian situation, with a lot of representatives of other nations. In a discussion with the President not long ago I congratulated the President for his call to Barco in which he supported Barco and offered American assistance. We talked at that time about how good it would be to get support from other countries, other leaders, and I think that some of them are starting to weigh in.

Now, that's moral support. In addition to moral support, supplies would be useful and helpful, and we've had conversations. I met last week with a representative from West Germany and will meet with other people about trying to internationalize the help and support. Let's pool our resources and provide what assistance we can, and also make a very important point, which is that this is the responsibility of the entire civilized world. This is everybody's problem. And if the West Europeans don't know that this is their problem, they're going to find out very soon because it's there. Cocaine is there; crack is there; and more is coming. So it's very much in their interest to get more and more countries involved in this effort.

On the multinational strike force, certainly glad to have discussions of it, take a look at it, think about it. I think anybody in the military will tell you that it's not their favorite kind of task force, not their favorite kind of unit. I think any American could think about it from the perspective of wondering whether if we're talking about American troops or American individual soldiers in Colombia or Bolivia 2 years or 3 years or 5 years from now, would we want them under the command of someone other than an American commander. I think that's a hard call. I don't think that's an easy one.

I very much like the idea of us trying to broaden the base of support to involve more and more countries. But I will admit—and I am not expert on military command—that the military people with whom I've talked, just informally, about this have said that this is a tough thing to pull off, a multinational force. It's a tough thing, and it gets tougher depending on the circumstances and situation you're in. By God, if one thing is clear, the circumstances and the situation we're talking about in this area are most unpleasant. That doesn't mean we won't take a serious look at it. We will, and we'll be glad to talk to Senator Specter and others about it.

Senator NUNN. I think if you did go into this, it would need to be done carefully, and they'd have to be highly trained and they'd have to be trained together as a unit. You could not simply take existing units and pull them together without getting the communication equipment geared up, without having language barriers removed, without having an understanding about rules of engagement, without having joint training. The one thing we have going for us already in this area, though, is we have a School of the Americas down at Fort Benning where it's been going on for a number of years. That School of the Americas basically trains their military personnel and is beginning to train some police and DEA agents and others. If you were going to do something like that, having that joint training and having the people start off together, knowing what the goals are—it might take a couple of years to do it. But I think if you do it, you got to do it right.

Dr. BENNETT. That's a very good point. Indeed, that does fit well with the whole training aspect of the strategy that we recommend.

Senator NUNN. Senator Roth.

Senator ROTH. Thank you, Mr. Chairman.

I suspect one of the concerns of many Americans with such a multilateral force would be that, in fact, it would be essentially U.S. troops with a few others, so that American troops would be fighting under the cover of a multilateral flag. Isn't that a problem?

Dr. BENNETT. Sure. I think that's obviously one concern. Some people have said to me it'll be like a lot of international efforts where the United States put up 80 or 90 percent of the money and the risk, and everybody else is involved, too.

Now, that's something we'd certainly want to avoid, but I don't want to be too critical of it pre-emptively here before we ever get a chance to discuss it. Because, again, it's very important in this whole effort that we get more people involved, that people do not see this as the drug cartel, international cartel against the United States of America. It is in the interest of the entire civilized world to take on this fight.

What particular form that takes isn't clear, but I think on this one, the more company we have, the better. For lots of reasons.

Senator ROTH. Certainly, wouldn't it make good sense particularly for Europe to participate in providing aid to these countries? As you mention in your testimony, it is a fact that cocaine and other drugs are flowing from South America into Europe. Has any effort been made at this stage to try to secure their financial assistance in this effort to help out the economies of the Andean countries?

Dr. BENNETT. Yes, only in a very preliminary way. But such discussions are going on. Our State Department has the lead on this. I think of equal significance, Senator, is the recognition of people in Western European countries of the seriousness of the threat and the immediacy of it. The cartel can get a pretty good price for a kilogram of cocaine now in Paris. That would likely be the case throughout all of Western Europe. A lot of the traffic is coming in through Spain, an obvious easy point of entry for the Colombians. Their people have estimated differently, but some people have said they are essentially where we were in 1978, 1979, right at the edge of what could be the worst ahead of them. We're going to speed up the negotiations and discussions with our allies over there.

Senator **Roth**. One other area where cooperation seems particularly desirable is with the so-called precursor chemicals.

Dr. **Bennett**. Sure.

Senator **Roth**. What kind of cooperation are we getting from Germany and some of the other countries that have been key suppliers?

Dr. **Bennett**. I'll have to ask John or Bruce to give us an update.

Mr. **Walters**. Well, one of the important steps we have to move on precursors is the ratification of the Vienna Convention which has some provisions that will help us in that regard in terms of trafficking generally. We also have, as you know, Senator, implementation of a new law in this country that will help us begin to track precursors more effectively. That should start I think next month in full implementation.

We want to use precursors as one of the issues in discussions with the Europeans. This will be on the agenda along with a number of related anti-narcotic efforts for the G7 meeting, and we want to look at precursors as well as money-laundering and a couple of other issues in that regard. So we think it is important, and we need these efforts—obviously, because a lot of the precursors are coming from the United States. But simply shutting off the United States, these are chemicals they will just seek elsewhere. We have to have the involvement of other nations, including nations of South America, such as Brazil and Venezuela.

Senator **Roth**. And Peru. Have we considered tying our economic aid to their non-supply of these chemicals?

Mr. **Walters**. We haven't done that specifically. As you know, the economic aid in areas where there's actually trafficking is tied to the certification process on cooperation in counter-narcotics, and this could be a factor, although the focus has generally been, as you know, on eradication in a lot of these areas. We've tried in our strategy to broaden this and to come up with specific understandings with these countries about the measures we're going to use so we don't have this ambiguity that some have complained about in what we're going to be held accountable to and whether they're being let off the hook.

We want to be up front with Congress and the American people and these countries about what we expect from them, and we want the effort to be on constricting the trafficking, not simply on one part of that, such as eradication.

Senator **Roth**. Dr. Bennett, in your earlier statement, you talked about dismantling the cartel organization. To me that makes great sense. If you're going to really win this war, it seems to me that that dismantling the cartels is essential and far better than, as we have done in the past, concentrating so much on the number of labs destroyed or the pounds or tons or whatever of drugs we've seized.

But it does seem to me that as part of your effort to develop a long-term strategic plan to win this drug war, that intelligence is critically important. One of the problems, it seems clear from our hearings a few weeks ago, is that we have a great deal of intelligence information flowing into our Government through different agencies, whether it's FBI or CIA or DEA. But there's no one place where that information is collated, analyzed, and made available for the general in command of this drug war.

Does it make sense to have such a center? And how can we avoid unnecessary duplication of effort in this kind of endeavor?

Dr. BENNETT. Yes, it might. When you look at it, at least in my experience which is recent—intense but still recent, new—it strikes you that we have an awful lot of data, an awful lot of pieces, an awful lot of discrete items, facts. But the connections among them, the coordination, the coherence that would develop out of this is not there.

We're very good at gathering these discrete pieces of information. It strikes me that we could do a better job of coordinating it in a whole to give us a larger, more coherent picture of the whole, strategic view of the whole. That's why for the February strategy, Senator, at the time of the February strategy, we will probably have recommendations about our improved effort in this area and perhaps recommend a new coordinating center.

Senator ROTH. Well, I've introduced a bill to establish a strategic drug intelligence center.

Dr. BENNETT. Right.

Senator ROTH. I would appreciate your taking a look at that and giving us the benefit of you views.

Dr. BENNETT. You bet. We've taken a look, and we like it.

Senator ROTH. Thank you, Mr. Chairman.

Senator Cohen.

Senator COHEN. Thank you, Mr. Acting Chairman.

Dr. Bennett, it's good to have a doctor in charge of the drug program. I recall calling you Secretary Bennett.

There was a recent New York Times article—I believe on September 11th—filed from Bogota that indicated that both American and Colombian officials said that most of the equipment in the $65 million emergency aid package was not the type of equipment needed to effectively wage a war on the drug traffickers. Were you surprised by those comments?

Dr. BENNETT. Yes, I was surprised, Senator. We looked into this. I think some of the people who said that before might today say something different. More of the equipment is down. We provided the equipment that the embassy requested. I think one of the people interviewed was a police commander, and some of the equipment may not have been useful to him, but it was useful to a number of the military people.

We sent what was requested. We weren't able to send everything that was requested. Some of the pieces we're still looking for. But, essentially, we fulfilled our part of the bargain.

John?

Mr. WALTERS. Yes. I think there are two things to keep in mind. One is, as you know, Senator, that this came out of 506(a) funds which means it has to come out of military stock. Some of the particular things they wanted, certain kinds of bulletproof vests and so forth, are not in military stocks. We will endeavor to try to meet some of those needs if the money for the Andean strategy is approved.

Secondly, DOD has been extremely responsive here, and in our conversations with them and the State Department, they've said if anything arrives in Colombia that's not useful, leave it on the runway; we'll take it out in the next shipment out, we'll credit their account, and we'll bring things that are useful.

So I think we've got about as smooth and as rapid an operation as you could ask for. DOD has been outstanding in this.

Senator COHEN. Can I ask you to what extent do statutory prohibitions impede effective security assistance to Latin American Governments?

Mr. WALTERS. The major issue that we've asked for a waiver on is allowing military equipment and training to be provided to police forces.

Senator COHEN. Has anyone in the administration proposed legislation to that effect? I'll point out why. Back in January, Senator Nunn, myself, and several others wrote a letter to Brent Scowcroft pointing out the need to really start to focus on the need for low-intensity conflict and counterinsurgency types of operations. And as part of that letter, we suggested that a legislative proposal to reform the U.S. security system program be submitted at the earliest possible time by the new administration. I don't know that any proposed legislation has been submitted by the administration. Are you aware of any?

Mr. CARNES. Yes, Senator Cohen. Actually, there are two legal prohibitions. In addition to the one Mr. Walters mentioned, there is also the Brooke-Alexander amendment which applies to debt payments by these countries and whether they're allowed to receive funds given the status of their debt servicing.

The administration did send legislation forward on September 5th seeking to have relief from those two provisions in the case of the Andean ridge strategy. I would say, however, to make my answer complete, we have not sent sweeping langauge forward to deal with the issue worldwide, if you will. But in this particular instance, that legislation is before the Congress.

Senator COHEN. Dr. Bennett, as we seek to reduce the flow of illegal drugs coming from Peru, Bolivia, Colombia, especially in the case of Peru, one of the Catch-22 problems we face is that there will in all probability be a net reduction in income to those countries at a time when they're under increasing pressure from the Communist insurgents. The Shining Path is one major group. What's in it for the Government of Peru, for example, to say "We're going to help the United States cut down the supply of illegal narcotics going to their country, at the same time reap some devastation upon our own peasant farmers making it even more feasible for Communist insurgents to take over the country"?

Dr. BENNETT. Yes, sir. As I said earlier, the obstacles are serious. I thought you were going another way with that question, which is, what are our chances of prevailing on the economic front? That's a difficult question, challenging the way business is done right now.

I think the short answer to the Government of Peru, to the various presidential candidates who are aspiring—I've met with one or two of them in the last few weeks. The short answer is the ability to govern, the ability to maintain or establish and maintain a Government with some degree of legitimacy and credibility. Otherwise, the options are perhaps to give over the Government and the country to the insurgents, in this case the Shining Path, Sendero Luminoso, or to the narco-traffickers.

This is one of the points that I think sometimes gets lost, but the effort here on the part of these countries, the people of these countries, is not just to combat and battle with the evil of drugs. It's also an effort to try to maintain the conditions for legitimate Government. If we do not have legitimate Government in these countries, we may have Government by narcotics cartel. That would surely be a very serious matter, a terrible thing for those countries, and, indeed, for the whole Hemisphere. So that's one thing one says.

Not to be glib, overly glib or facile about it, recognizing the obstacles, and, yes, you want to develop a plan which doesn't go right into the face of the 250,000 campesinos in the valley, whatever number there is, and say we're taking away your livelihood. You've got to come up with some alternatives, surely. But given all the choices that are in a country like Peru, and, indeed, several of them are bad, this is the only viable way to go, it seems to me.

Senator COHEN. We're urging them to pursue a legitimacy as far as their Government is concerned. In return, they face greater deprivation as far as poverty?

Dr. BENNETT. Well, we hope that—no, they shouldn't. We cannot argue right now that the cash crop is coca, though in the last few weeks it's been interesting to see the price go down dramatically with this shift that's occurred. But over time, the well-being of that country, economic well-being as well as political and social well-being, depends upon them shifting. I think we need to be up front and candid about that, and that isn't going to be easy. But that's where, again, the involvement of other countries, some international effort, and some sound economic assistance from the United States are indispensible.

It may be an international version of the drama we play out in America communities every day, which is that drug trade is more profitable than honest trade. Well, if the game is given up—if the game is to be decided ahead of time solely on the basis of profits, solely on that basis, we may not win. But if there are other considerations, we think considerations of self-sufficiency, legitimacy, possibilities of democracy, self-rule matter, then they have to be put into the equation.

Mr. WALTERS. Senator, if I might add, we are including economic aid. Now, we had hoped to provide, first, evidence that the military and law enforcement assistance was being used to get people trained and deployed and to begin to constrict the trade before we started infusions of economic aid beyond what was already requested for these countries. In addition, we are going to work with the Europeans, and we have hope that we can get them deployed here as well.

Our concern is that we not just supply economic aid without constricting the trafficking so that we end up supplying aid that doesn't have any effect. But I think we have to be candid, and we in the administration want to work with Congress in taking advantage of opportunities. If this proceeds more quickly, partly as an effect of what happened in Colombia, we have to, if we're going to have a credible policy, be prepared to go in and provide different kinds of aid and a different mix of aid as time goes on. We'll need your cooperation to do that.

Senator **Cohen**. The focus has been upon the Andean strategy, but I am told about one-third of all the cocaine comes to this country through Mexico. What kind of cooperation are we getting from the Mexican Government in cutting down that one-third supply coming in?

Dr. **Bennett**. I've been pretty much focused on those three countries the last couple of months, but we will be taking a close look at the Mexican situation very soon.

Senator **Cohen**. Let me give you an example of what I'm talking about.

Dr. **Bennett**. Sure.

Senator **Cohen**. I'm told that most of the cocaine coming in through Mexico is delivered by small aircraft that come in on low runs. They drop it in the desert, just bail it out, and the folks go in and pick it up and they're off and distributing it. We are not even permitted any hot pursuit into Mexico. The question is: Why not? If they're really serious about helping to control the flow of drugs coming into the United States, why will they not permit at least a hot pursuit situation? And why don't we insist upon it?

Mr. **Walters**. Well, the problem here has been that these countries are very sensitive regarding their territorial integrity. We've been working with them, as you know, with some greater success with some administrations than others in Mexico. The expansion of counter-narcotics assistance with Mexico is a topic for the meeting with Mr. Salinas when that meeting occurs later this fall, and we're going to try to expand it.

They have been more aggressive in going after some traffickers. I think obviously we would like to have hot pursuit. We'd like to have greater cooperation here. We're trying to get what we can under a situation where we have a neighbor that is sensitive to the fact that their territory can be considered sometimes, they feel, by Americans as less than an independent sovereign state. And we're trying to work within that limitation. We will be aggressive here, but we've got a long history. There are some obstacles here from that history.

Senator **Cohen**. Every year we get caught up in the question of whether we are engaging in Mexico-bashing or not. I think that patience is probably running out. They may be sensitive, but we are being undermined. This country is being destroyed by drugs coming in through their country. To the extent that when we identify an aircraft that we are chasing, there must be some modicum of flexibility on their part. Either allow us to chase that particular aircraft, or they should agree to pick it up when it lands back in Mexico. And I think we have to make that clear. Say it's got to stop. If they really want to cooperate, they will do it. And if they don't, you will probably see some counter-reaction by the Congress.

Dr. **Bennett**. I agree with the sentiment, Senator. I think that we've seen some evidence over the last few months that the Salinas Government is serious, perhaps more serious than predecessor governments in this effort. I agree with you that across the board, whether we're talking about air interdiction or land interdiction, we need to be tough, tougher, and despite sensitivities, we need to be tough. I agree with that.

Senator COHEN. Talk about sensitivities. We've got a situation where the Senate has passed a bill that allows the shooting down of civilian aircraft in this country. If the Senate is going to allow the shooting down of civilian aircraft in our own country, it's hardly going to be in a position to say that we don't want to allow hot pursuit into another.

Dr. BENNETT. Well, I think we have to look at it. I agree with you. I think we're better off with a cooperative than an uncooperative Mexico. But we need to be much clearer than we have been in the past about what our expectations are.

We debate every year, as you know, the whole question of certification, and I think we need to lay out very clearly what our expectations are. Those expectations need to be realistic, but we should be pushing toward the tough side of realistic expectations and then make it a candid call. But we can't have anybody sitting in a situation as strategically central as Mexico is and not cooperating.

Senator COHEN. Mr. Chairman, I have more questions, but I see two other members. I'd like to give Senator Rudman a chance to seek some velvet-glove approach to this particular solution.

Senator NUNN. I think Senator Levin would be next on normal rotation. Senator Levin?

Senator LEVIN. Thank you, Mr. Chairman.

I want to welcome you, Mr. Bennett.

Dr. BENNETT. Thank you, sir.

Senator LEVIN. There was an article in the New York Times recently, which reported that there's little disagreement among economists that the consequences of marijuana interdiction have been largely perverse, the argument is that the interdiction of marijuana simply stimulated domestic production and encouraged producers and sellers to market more potent forms of the drug.

I'm wondering if you could comment on that. Do you agree that the results of interdiction of marijuana have been perverse?

Dr. BENNETT. No, I don't. It's had some consequences that were unintended, some consequences that were not helpful, but I think that the interdiction of marijuana overall was a good idea and that we should continue it. We should simply strengthen our efforts on interdiction of other drugs and at the same time eradicate domestically grown marijuana. It doesn't look smart if you're only working one part of the route, and the stuff is pouring in from other routes.

That story, as I remember, was based on the studies of Mark Kleiman at Harvard, and I talked to Mark Kleiman about it. He said that he found the Times story no doubt unusual, but a distortion of his views. Now, Kleiman and I probably have some differences about law enforcement and other things, but he said that was not an accurate presentation of his scholarship.

Senator LEVIN. There have been reports of differences between the DEA and the State Department over the best approach of fighting drugs in the Andean countries. State apparently has pushed for more eradication, and the DEA has been pushing for better interdiction. I'm wondering whether that dispute has been resolved, assuming it existed.

Dr. BENNETT. John, would you comment on that?

Mr. **Walters**. I don't know the parties' dispute particularly that you referred to. There has been in the past a disagreement about where to put emphasis and how broad we should be in the various techniques we have at our disposal. Our strategy is an effort to resolve that. We have got the relevant agencies to understand what this means and the President to make a decision in consultation with the agencies by us to adopt this strategy, which includes the use of all the tools—interdiction, eradication, assistance to these countries—and to put those together in a plan that makes strategic sense, that has an opportunity to constrict the drug flow.

I think one of the legitimate criticisms in the past has been we have had operations where we have had people at risk in areas that really had no possible effect on the overall trafficking. What we want is a plan that will have an effect, and we want to involve these countries. If they don't want to do it, American will and American personnel cannot be a substitute for their own will and personnel.

Senator **Levin**. Are you saying, then, that the disagreement is going to be resolved, or that it has already been?

Dr. **Bennett**. It will be resolved ultimately, at the level of policy, and we will have a policy that follows certain principles and has certain emphases. Senator, in this business I have found already, whether you're talking internationally or domestically, every day everybody has an idea about what to do. And some of the ideas spring from the culture of various departments or agencies, an orientation to do this, an orientation to do that. Somebody wants a dicer, somebody wants a shredder, somebody wants a spinner, somebody wants a shucker. Have you thought of this? Have you thought of that? And this is the kind of suggestion we get every day.

Those kind of debates are fine, and we can continue to have them. We'll probably have them in perpetuity. The thing is, at some point we have to decide this is where we're putting our money. This is where we're putting the major part of our effort, and that's that. We don't want to quell all disagreements, but we need to go forward with a coherent policy. What you see in the drug strategy is an attempt to do that. What you'll see in a month or 2 with the implementation of the strategy is that we'll lay out exactly in some detail where we plan to put the emphasis.

Senator **Levin**. Let me ask you about your testimony earlier today about a combat role for American troops. Apparently, the Andean Governments have ruled out that option. The Andean countries are not going to ask us to participate in a combat role. However, if an Andean Government requested American troops—for instance, helicopters to spray coca plants with spike—what would be our response? Do you know what our response would be, in that unlikely event?

Dr. **Bennett**. No, I don't think so. I think probably the presumption of the strategy, and I would imagine the presumption of the Government, administration as well as Congress, would be against the use of U.S. military in combat or in operations, for a number of reasons. One, simply the burden of proof has to be pretty high before we would send out men and women into that situation. Second, there are good strategic reasons for these countries taking the fight themselves, making the fight themselves, and not substituting American soldiers for it. But in any situation like this, you would need to have a request from the Government, as you say, Senator, a clear statement of mission, and a willingness of the administration, the Congress, and the American people to say this is what we want to do, with our eyes open. And I don't see that in the cards in the foreseeable future.

Senator LEVIN. A couple of weeks ago in hearings before this Committee, we heard testimony that the drug cartels have now sent teams of botanists to Africa to explore ways of growing coca in Africa. Do you have any reason to believe that that is accurate? And if so, to what extent does that undercut any hope for ultimate success, even if we reduce the Andean connection?

Dr. BENNETT. I had not heard that. Maybe one of my colleagues has.

Mr. WALTERS. I haven't seen those reports, sir.

Senator LEVIN. Thank you.

Dr. BENNETT. I must say that a delegation of botanists is one of the more benign applications of their funding I've heard of. Not in the long run if this is true, but better botanists than terrorists in the short run, I think.

Senator NUNN. Thank you, Senator Levin.

Senator Rudman.

Senator RUDMAN. Thank you, Mr. Chairman.

Good morning, Dr. Bennett.

Dr. BENNETT. Good morning, Senator.

Senator RUDMAN. You should feel good this morning. We ended up last night finally negotiating that drug package, and as I said to you last evening, the administration had an institutional position on it. But no matter how it came out, you won. So you now have $900 million more, of which a good part of it, of course, is on the demand side. I expect we'll be hearing more from you as to how you intend to use that and implement it, although it will be closely earmarked.

Dr. BENNETT. Thank you. I congratulate you for your patience and your colleagues' patience through those deliberations.

Senator RUDMAN. I have a question which really, if you're prepared for this one by your staff, then your staff deserves to be taken out to dinner tonight, because I doubt if you are. But it's really not an off-the-wall question. It's a very serious question. It follows up somewhat on what Senator Cohen has been asking you. Are you familiar at all—no reason you should be, but are you familiar at all with what's going on at the State Department in the current negotiations on the so-called International Coffee Agreement?

Dr. BENNETT. Vaguely.

Senator RUDMAN. Well, I do not claim to be an expert in it at all, but essentially the agreement is between about 75 countries who use and produce coffee. And there has been an ongoing debate over whether to maintain this agreement. Here you've got this one arm of the U.S. Government, the U.S. Trade Representatives sitting over here, doing what it's supposed to be doing which is protecting U.S. consumer interests. I mean, I'm not criticizing them. But it illustrates really why we have to take kind of a systems approach to the whole issue.

I think Senator Cohen's point is extremely well taken. I appreciated your answer, and I applaud you for it. And I guess it's what we all would like to believe. But I'm not sure it can happen. You have poor farmers in these Andean countries who find schools and hospitals and other social services being supported by the cocaine cartel, who essentially buy their good will and their continued production of this horrible substance. If you then try to tell the farmers that they can't produce it and they're not going to be able to support their children and their families and they may starve in those countries which are poor to start out with because it's the wrong thing to do, I'm not sure that flies.

Now, on the other hand, these are coffee-producing nations, and there's a great argument going on about the fact that they are selling their coffee at a price too low to Communist countries. That's the current debate. The control price is being sold here, and some of that is being diverted, and then resold by these countries at a lower price in the U.S. market.

You know, it seems to me, Mr. Secretary, that one of the things you might want to look into, if we're looking to improve these countries economically, is some way of improving this agreement and agriculture for which there is an import market in this country. For instance, let me say that it wouldn't hurt my feelings if the price of coffee doubled if it meant that a large portion of land dedicated to the growth of cocaine were converted to coffee. Of course, the Surgeon General will probably tell us next that that's addictive, but not nearly as much as cocaine.

I guess what I'm saying is that with the European Economic Community coming on board, with the whole debate on international agriculture, with these people who are essentially farmers growing a deadly product, I think one of the things that I would like to see you look into and maybe get back to us at some future date is: How can we coordinate our negotiating stance with these countries in the area of agriculture to specifically get the administration to take a position that we're going to support maybe some higher prices for some of their agricultural products, maybe import more of them even though we might have trouble with the American agricultural community? Because, you know, if we're going to succeed on the demand side at all, one of the things that we're going to have to do is to get people to stop wanting to use drugs.

If we're going to stop on the supply side, we all agree that the money we've spent on interdiction is well spent, but we can only hope to nail a fraction of it. It would be better to eradicate the growth of it, other than by Agent Orange. It seems to me that the way to eradicate the growth is to say to some poor farmer in Colombia: "We'll give you 75 cents more a bushel or a pound, or however that stuff is measured, for your coffee and we'll make it worth your while to grow coffee instead of coca, or grow something." It seems to me until we get to that, you're not going to stamp out the growth of that stuff down there.

That's really the only comment—question I have for you. I'd like you to pursue it. I don't think the U.S. Government on the one hand ought to be saying we're going to drive down the price of coffee, and on the other hand be saying we want you to stop growing coca. It doesn't make any sense. It doesn't make any sense at all.

Dr. BENNETT. It's a good question, Senator. We will look into it and get back to you.

Senator COHEN. I don't think it was a question, Dr. Bennett. [Laughter.]

Senator RUDMAN. I don't think it was either, but I did want to make that——

Dr. BENNETT. The part about getting back to him was. Anyway, sure. Yes, we'll look at it.

As I understand it—we've talked to people at State about this—we didn't fall down on this agreement. There were a number of things that happened. There were accusations of dumping on the part of several countries. It was suggested Colombia was dumping. And this created some problems.

But you're right. The general point is obviously right. They need to have an alternative, and this is one alternative. We could face the question if it costs us a little more would that be worth it. Yes, sure, it's all part of the mix. I agree.

Senator RUDMAN. Well, there ought to be lots of alternatives. Minds that are trained in the whole area of agriculture ought to be looking at that situation and come back to the Congress and say we're going to give these folks a viable alternative to growing coca.

Dr. BENNETT. Right.

Senator RUDMAN. That's all I'm really saying. You know, I commend you for what you've been doing. I've become very knowledgeable lately as to how you're putting this whole thing together. I think we like what you're doing. There may be some disagreements in the strategy, but reasonable people can disagree. But, you know, I get the feeling that what we did in 1988 and what we anticipate is coming together. We are now getting this in one place, and this is just another piece of that which I think you ought to have in your shop at least to have some contributions to make to the President as he's giving direction in terms of foreign policy negotiations. That's the whole purpose of what I had to say this morning.

Dr. BENNETT. Fair enough. Thank you, Senator.

Mr. WALTERS. Can I just make one point just for the next discussion we have on this? We see these two things as working together, because the point here is to drop the price of the leaf so that other alternatives are also more important. We need to look at economic agreements. We need to look at aid and development assistance. But as they found in Bolivia, as you probably know, they have an effort to try to convert certain areas of land to other kinds of production. It's a completely unworkable system if the price of the leaf jumps way up. So we have to fuse the interdiction and the law enforcement effort to try to compress the price of the leaf so that it is conceivable that a rational person in these countries would switch over to other kinds of crops.

Senator RUDMAN. Well, I'd just respond to that. I appreciate what you said, but I'll just give you a counter to that. If you can interdict enough of it, you're going to drive the price way up.

Mr. WALTERS. You can drive the price——

Senator RUDMAN. You're going to drive the price way up. Let's say if you could cut the supply that's coming into the United States by 50 percent in 12 months, I'll predict to you the price of cocaine in the streets would be high.

Mr. WALTERS. But I'm talking about another kind of interdiction, closer to the source that interdicts the leaf and the pace coming out so that the market is——

Senator RUDMAN. That may be. I'm certainly not sitting here as a proponent for legalization. I totally oppose that. But if you want to drive the price down, that would be the way to do it. But nobody is suggesting that.

I suggest to you, getting the price down may not be all that easy. I think that with all the aid that we're talking about for these countries, I'd rather give them aid in a direct way. I'd rather give them aid to find a way for them to grow products that we could buy and the rest of the world could buy. And we ought to get cooperation on that.

Thank you very much.

Senator NUNN. Thank you, Senator Rudman.

Let me just say that I think the economic side of this equation in the Andean countries has to be part of the drug strategy. I guess my question is, following up on Senator Cohen and Senator Rudman: Do we have an economic strategy for that region?

Dr. BENNETT. Yes. That is, part of the strategy certainly is aimed at economic assistance. Can we specify exactly what form that will take and the years we intend to provide it? No, I don't think we can do that yet.

Senator NUNN. Were you consulted? Senator Rudman alluded to the coffee agreement. Did somebody call you from the Department of Agriculture or the Department of State and say, "Director Bennett, how will our policy on coffee affect your cooperation with Colombia in the drug war?" Did anybody ask you that question in the administration?

Dr. BENNETT. No. Not to date.

Senator NUNN. Wouldn't that be an appropriate question?

Dr. BENNETT. Sure, and it's possible someone did, too. I don't want to——

Senator NUNN. When the drug czar is left out of key economic decisions affecting the region or country that is vital to our support, that means we basically don't have an overall coordination of economic policy and drug policy, does it not?

Dr. BENNETT. Yes. If no one alerted me to that and didn't see the implications of that, that would have been a mistake, sure. But I knew about this——

Senator NUNN. Would it be helpful if the Subcommittee or several of us got in touch with the President, by letter or otherwise, and said that the drug director should be consulted on economic decisions affecting that region? I know you have more than you want right now and you're not looking for more jurisdiction. But somebody has got to look at this from a broader aspect. I think the points made by Senator Cohen and Senator Rudman are exactly right. The thing that is a little bit out of kilter, though, is that Colombia grows very little of the coca that is used in making the cocaine coming into this country.

Dr. BENNETT. Right.

Senator NUNN. Most of what they do is laboratory work, but they have a vital stake in coffee. So it has a tremendous effect on their economy, and that affects their ability to combat drugs. But I don't think there's a direct relationship, as I understand it, between what's grown there—the crop substitution, coffee for coca, seems to me not to be all that applicable to Colombia. Am I right on that?

Dr. BENNETT. I think that's right, yes, sir.

Senator NUNN. But the economic part of it is.

Dr. BENNETT. The economic part is constant. No. I appreciate the offer. I don't think I need to request your assistance on this. If we're not getting what we should be, we're certainly in a position to yank the chain.

Senator NUNN. You don't have any problem going directly to the President on these?

Dr. BENNETT. No, no. And people have been, for the most part, very forthcoming and literally flooding us with information. What doesn't concern the drug war? That's one of the questions we often have. What don't we need to know? But I can't recall anybody alerting me to this, but it might have happened. But I appreciate it.

Senator NUNN. How about foreign aid to the region? Have you been consulted on how much foreign aid we give to Colombia or Peru or Bolivia?

Dr. BENNETT. Yes. We've had discussions on those lines. John Walters has, for the most part, handled the discussions with Mel Levitsky and Mr. Aronson over at State Department on these, yes, sir. We'll certainly be involved in that now as we come up with the next budget cycle. Remember, we were out of whack this time with this report, but now we're in sync. All those relevant departments and agencies making their budget requests—Bruce, make sure I say this right—to OMB will simultaneously give us their requests. Is that correct?

Mr. CARNES. That's correct.

Senator NUNN. Congress tends to use the stick approach, cutting off aid for countries that don't assist. If you're only giving them a very small amount, that stick approach doesn't have much effect. The other side of it is the carrot approach. Should there be an approach where countries that do cooperate—countries like Colombia going through a terrible ordeal there, we give them increased economic assistance under the regular foreign aid bill. Would that make sense, and are you considering that?

Dr. BENNETT. Generally we could. I don't know that we provide any economic, or very little economic assistance to Colombia. Isn't that right?

Mr. WALTERS. Yes, generally speaking, the strategy did not envision the fairly drastic reduction in trafficking that's occurred in Colombia. We're now looking at and getting information from the Colombians about additional assistance they might need under the current circumstances. We had provided additional assistance to Peru and Bolivia in out-years in this strategy, the year after 1990 and subsequently, based on performance in utilizing the law enforcement and military and intelligence assistance we were offering. In other words, if they deployed effectively against the traffickers, we had anticipated a need for economic assistance, and we would work also with the Europeans and with others in that regard.

We're now looking at Colombia because this was an event no one foresaw in terms of the extent of the disruption of trafficking, and they have been sending information to us about additional assistance they might need. We are looking at the coffee agreement and some other things we might do to help them out.

Senator NUNN. You are looking at the coffee agreement now?

Dr. BENNETT. Yes.

Senator NUNN. The charts here which will be included in the record,[1] without objection, depicting U.S. aid shows in the case of Bolivia in 1984 our aid was $52 million. That's development aid. In 1990, that request from the administration was $21.7 million. So in the last 5 years, while the problem has been getting worse and worse, we have cut by 100 percent the aid. Maybe that's deliberate. Maybe it's part of a penalty. But I'd like to ask you to respond to that.

On the question of Peru, we were giving them in 1984 $118.9 million in development aid, and in 1990 it's $14.2 million. So it's come down almost by tenfold or 1,000 percent. Is that a calculated policy that has some rationale behind it, or is it just the way the pie has been divided?

Mr. WALTERS. I think part of it has been calculated and part of it has been the way the pie has been divided. There has been much less attention than there was 5 years ago, 10 years ago, to development assistance, whether it's economic or military assistance to these countries. In addition, in the case of Peru, the debt situation has been such and relations with them on debt have been such that there have been additional cutbacks on aid, and they've been subject to Brooke-Alexander, although there have been various efforts to try to work around some of those restrictions where it's possible to do that.

We're proposing to increase aid to those two countries in 1991 to about $60 million each and $100 million in subsequent years if they perform with the agreed-upon limits in counter-narcotics.

Senator NUNN. Does that mean we've made a mistake in the last 4 or 5 years in going down? I mean, you're obviously reversing course here.

Mr. WALTERS. Well, I think it's only a mistake if you could have gotten effective efforts tied to increased aid. I'm not sure I would support or the administration would have supported, looking retrospectively, additional aid if there wasn't an effort to effectively counter the narcotics growth and trafficking. We hope we have a program now that will do that. We'll certainly have measures to determine whether we do, and we want to condition aid on effective performance.

Dr. BENNETT. More money without a coherent plan in 3 or 4 years wouldn't have done much good. But you could argue a coherent plan earlier would have been helpful.

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[1] See Exhibits 6–9c starting on p. 267.

Senator **Nunn**. One other question. I know, Dr. Bennett, you have many things to do, so we're not going to detain you long here, although I see Senator Kohl. He'll get an opportunity to ask questions. But the justice problems down in Colombia, the assassinations, the threats, the recent resignation of the Justice Minister DeGreiff, how do you view those? What can we do to help? What are we doing to help in trying to bring about a system of justice there? It seems to me if you have most of the judges who are threatened with their own lives and they're not able to be protected, you do have an almost total breakdown of a justice system, do you not?

Dr. **Bennett**. Yes, and that's happened in Colombia from time to time. We have tried to provide—well, they've asked for very direct and obvious things: bulletproof vests, other ways to safeguard and protect their judges. The world awaits what will happen in the next 2 or 3 weeks, this determination by the judiciary of the status of the extradition treaty. And just as important, in my view—though it hasn't received as much attention—is the status of the seizures of the various properties. It's not clear, Senator. I know you know this. I'm not sure most Americans are conscious of it. It's not clear which way the judiciary will go on these calls. That will really be a momentous decision for the future of this effort.

We're trying to provide all the assistance they've asked for in terms of judicial protection, automobiles and bulletproof vests. Also there has been a program ongoing for some time in judicial protection, how to guard and protect and how to train security forces to protect the judiciary.

Mr. **Walters**. Some of our European allies, the British, in particular, have sent a team to Colombia that also provides some assistance on protecting dignitaries as well as other things they can in counter-narcotics. So we're providing both training and equipment, and we're enlisting others to do more. Obviously, if these people are not safe, they are not in a position to effectively carry out the law. But at the bottom line, when they're safe, they've got to make a judgment about what the future of their country is going to be.

Senator **Nunn**. We had a witness last week testify that the Colombian hit men may very well have sent teams into the United States, threatening our top officials, both executive and legislative. Do you have any evidence of that?

Dr. **Bennett**. I don't have any. In fact, I saw the report of that testimony of that hearing and know no more than what you were told. Mr. Revell, Buck Revell was talking about that. But I don't have any other information on it.

Senator **Nunn**. Senator Kohl.

Senator **Kohl**. Dr. Bennett, we spent an awful lot of money trying to do something about supply without the kind of success that we hoped to achieve. In view of that, and in view of the fact that the administration is still talking about hoping to achieve a 60-40 or 70-30 split with respect to how we're going to spend these dollars, between demand-side and supply-side efforts, do you think that it makes good sense to continue along that path in connection with what we're talking about today?

Dr. **Bennett**. Well, I don't think the path of simply this percentage for supply and this percentage for demand is the way we see it. What we see in the National Drug Control Strategy is a different way of going about it. What we offer is a coherent, rationale for the expenditure of these funds. To put it more simply, we haven't tried to do what we recommend doing in the strategy. We haven't tried to put forward a coherent plan linking economic and military assistance to these countries. I think the opportunity presents itself now, given what President Barco has done, and we would be foolish not to take advantage of it.

Also, I think the Federal Government does have a unique responsibility in terms of the supply side, offshore and overseas, that we don't ask any of the States to take on. That's why the proportions tend to tilt the way they do in terms of percentages.

Senator **Kohl**. Another question. Do you think that the violence and the corruption associated with drug traffickers would justify continued efforts to destroy them regardless of whether we see any actual reduction in the amount of drugs entering this country?

Dr. **Bennett**. That's an interesting question. Yes, I think as we state in the strategy, Senator, the disruption, dismantlement of the trafficking organizations has got to be a main goal. I think the degree to which we will be successful is likely to be a function of how successful either we or others are in taking these guys on and putting them out of business.

Senator **Kohl**. One last question. How will the United States be able to ensure that the equipment and resources we send into the Andean region are actually used to combat drug traffickers rather than confiscated by insurgent groups and then used against democratic governments which we're supporting in these countries?

Dr. **Bennett**. Oh, we'll know it. I assure you, if we send X for Y purposes and it's not used for a Y purpose, we'll know it. We'll probably first know it by flipping on CNN or opening the newspaper. If we plan something and it goes awry, we always hear about it. That's what Senator Moynihan said once: Are the people of America, are the governors of America, the administration, or the Congress ever embarrassed? Yes, they're embarrassed all the time. And there are people who are in the embarrassment business who would, at the drop of a hat, tell us that our best laid plans have gone astray yet once more.

It will be known if this happens, and it will be reported, and we will have to adjust. But apart from those efforts, efforts which will go on through public scrutiny, we will have our own efforts. That's why some of our people on the ground will be on the ground. That's why if we have people training Peruvians or Peruvian military or Bolivians, they will be tracking what they're doing, monitoring what they're doing. We're concerned about human rights, obviously, in addition to the right deployment of our resources.

But I think I can say with some confidence, if we have a plan, a complicated plan, an ambitious plan, a controversial plan, and something goes wrong with it, we'll know it.

Senator **Kohl**. Thank you, Mr. Chairman.

Senator **Nunn**. Dr. Bennett, I have one other question, and then we'll let you go about your busy duties. I assure you, this Subcommittee is not going to be calling you often. When we want your testimony, we'll be willing to have other people come testify, your aides and so forth. I know you can't testify about everything.

Dr. **Bennett**. Thank you.

Senator **Nunn**. We appreciate you being here this morning. If you ever want to come, we, of course, welcome you.

Dr. **Bennett**. Sure.

Senator **Nunn**. One other question. While we're looking at the Andean region, every time we try to put Jack back in the box, he jumps up again somewhere else. I'm told that we're about to have an influx of heroin, that we've had large production in a number of countries, the poppy-growing countries, and that we're about to have another real influx of heroin into this country. Are you on top of that one? Are you aware of that? Or is that accurate?

Dr. **Bennett**. Yes, we're aware of that. We have heard that. That's what our colleagues in DEA have told us. If this plague or this affliction, national affliction follows the pattern of others, we will probably see at least an increase in demand, a greater interest in heroin. What's true of individuals is true of groups. Periods of intoxication to stimulants are often followed by a period of interest or intoxication to sedatives, to depressants. Many people, we now know, who have been using crack are shifting to heroin. Some are combining the two by way of transition. So this wouldn't be a great surprise.

I've seen, at least, some reports arguing that there's more heroin coming into New York and some other ports, areas where there's already been a history of crack use. It's something we have to be aware of and pay attention to, and obviously the Andean strategy doesn't apply to that. But the National Drug Control Strategy addresses heroin as well as other drugs.

It will be interesting to watch to see what other patterns emerge. I'm sure you saw the reports of "ice," crystal methamphetamine coming in from the West Coast and from Hawaii. We'll see. We're aware of it.

Senator **Nunn**. One other question. I'm also told that we have an awful lot of the poppies being grown in Afghanistan, and a good bit of that is in areas controlled by the mujahedin, different groups and so forth. Have you looked into that, and do we have coordinated policy between the military and other communities that are involved in that whole effort against the——

Dr. **Bennett**. I couldn't represent it as coordinated policy at this point, Senator. You're right in what you described. That's the situation. The situation obviously is still not 100 percent stable. It's a difficult situation, but, yes, we're trying to get a handle on that situation in Afghanistan.

Mr. **Walters**. The general problem, as you know, Senator, with heroin cultivation or poppy cultivation is that the bulk of it occurs in regions where either there is limited Government control or nations where we don't have formal diplomatic relations with. So what we have tried to do in the strategy is concentrate on pushing the boundaries where we have some contact and working with transit countries and other nations that have influence over the cultivation areas. That doesn't apply to the mujahedin, but it does apply to places in that general region. We need to try to get them to also put pressure on some of the growing area as well. We try to work on trafficking routes and some of the import into this country.

We're going to look more intensively at that for the February strategy as well. We obviously did focus on the Andean region and the cocaine problem.

Senator **Nunn**. Well, I know you got enough reports, but Senator Cohen is here and is the leader of our Intelligence Committee. And I think the Intelligence Committee needs to take a look from your perspective and law enforcement perspective about what's happening in Afghanistan, the aid we're giving there, and our drug policy there, as compared to our overall national security policy there.

Senator Cohen.

Senator **Cohen**. Dr. Bennett, we had testimony earlier last week from Dr. Robert Kupperman who recommended the creation of a civilian counterpart to DARPA, what they have in the way of defense advance research and development projects for the Pentagon. Would you agree that that would be something that would be desirable in the field of research and development? Having a full-time R&D leader, and a dedicated staff to try and explore what technologies could be developed for detection of drugs, as well as terrorist bombs and so forth?

Dr. **Bennett**. I don't have an opinion on that, Senator. I could get back to you.

Senator **Cohen**. And a final point. You suggested earlier that perhaps we have a microcosm situation here in the United States or a parallel situation with those countries who are growing it and those who are consuming it, and that it really was a challenge now for the restoration of values, integrity of the individual, and integrity of the family. I think that is not a good parallel to draw between the two. On the one hand, we have the inner city problems. We have mostly blacks who have no hope, no way out, and they have young kids who are now making extraordinary amounts of money rather than working at McDonald's. They have a family structure that's been shattered. They have little opportunity to break out of that cycle of poverty. The reason that we have in this country for wanting to control the drug problem is the violence and the terror that is now spreading throughout our own country. But in Peru or Bolivia, you have peasants making huge amounts of money. You have cartels, as Senator Rudman was saying, building schools. The only terror taking place is right here in the United States.

So there is little incentive in terms of that competition for legitimacy or virtue versus prosperity. Even in this country as recently as the last presidency, we heard words like "Vote with your feet. Follow the path of prosperity." If you start measuring that kind of choice between following the path of prosperity and that of virtue, I think we lose.

Also, I want to say something about what Senator Rudman mentioned. My understanding is that in Peru and Bolivia, it's not going to be as simple as saying let's just increase the price of coffee, or let's increase the price of agricultural products that can be grown or give them some incentive to grow other products. My understanding is, in those regions that are outlined on the board, that they were virtually uninhabited 10 years ago, and that what you have is virtually a gold rush that has taken place with about 200,000 people moving into the areas, having seen an opportunity to service that particular industry. It's not at all clear that we would have enough in the way of economic incentives to provide stimulus for the growing of other crops if, in fact, they could be grown in those regions. So I think it's going to take more than simply trying to either lower the price of the coca leaf or increase the price of the coffee bean. It's going to take a lot more than that and over a much longer period of time.

Dr. **Bennett**. Yes, sir. It's complicated. We have seen some reports—I'm sure you've seen them as well—of people, farmers or people who work at a processing plant making what seems to them a rational decision to move from coca back to coffee or back to something else, based on a lot of factors such as kickbacks and being involved with people they just don't want to be involved with, and some violence and other things that all are regarded as costs. And every time I think we see an example of that sort, we need to find out what's in that farmer's head. What is it that made him make that decision? See if we can provide some more incentives along those lines.

Senator **Cohen**. Thank you.

Senator **Nunn**. Senator Roth.

Senator **Roth**. Thank you, Mr. Chairman. I have two brief questions.

We had testimony a couple weeks ago that the narcotic traffickers of Bolivia and, to a lesser degree, in Peru are ready, willing, and able to take over Colombia's role in the cocaine cartel business. Is this a danger? Do you see our becoming so preoccupied with the crisis in Colombia that the cartels will be able to shift their operations elsewhere?

Dr. **Bennett**. Well, we shouldn't be myopic about the situation in Colombia, but I do think we should take advantage of opportunities when they present themselves. This obviously is one that we didn't anticipate so soon.

My colleague, Judge Walton, used to tell me—again, a parallel—that when he would sit on the bench here in Superior Court in Washington and sentence somebody, a mid-level dealer, to 20 or 30 years, he said that he could see the ruckus going on outside once he banged down the gavel, three or four guys were then deciding who was going to get that turf because there's a lot of money in this business. Therefore, there's a lot of interest.

I am sure that there are people in Peru and Bolivia, no doubt in Colombia as well, who are checking the odds and seeing if there's some opportunity for them to enter in and take over. I have no doubt about that at all. But it's not so easy as just transferring the reins from one person to another. When you disrupt, if you disrupt effectively, the organization incurs costs. If it has to relocate, it incurs costs. If the hierarchy of the organization changes, it incurs costs. As you know, there are rivalries among these organizations. These can be encouraged as well.

Another fundamentally important point has to be established and is perhaps in the process of being established, which is: These people are vincible. They are not invincible. They are not above the law. They are not something that civilization can't do anything about. And that's something that they need to learn, he says, and that the world needs to see that lesson taught. Create whatever disruption we can.

Yes, there will be others willing to take their places. But one of the things that they discovered in the seizure of these properties in Colombia, was that they not only picked up property, they picked up other things—equipment and intelligence. And I should go no further.

Senator ROTH. One witness 2 weeks ago, a journalist, made the point—I thought very well—that we shouldn't overestimate the sophistication and lack of vulnerability of these cartels, although I have to say other witnesses contradicted that, pointing out that with the money they have, they have the competence to buy the very best wherever it's available.

Dr. BENNETT. Let me just comment. This is the entire civilized world, and if we are going to sit back in awe at these Darth Vaders and say there's nothing we can do, then we have lost before we've started. I mean, what are we talking about? Several billion dollars in assets they have? Let's talk about the United States. Let's talk about Western Europe. Let's talk about the rest of the civilized world.

We did not come so far in civilization over more than 2,000 years to hand it over to a bunch of thugs who made a few billion bucks and bought some fancy machinery. That's not what this fight is all about.

Senator ROTH. Absolutely. Several years ago, when I was Chairman of the Subcommittee, we held a number of hearings on the role of the media. There was some concern expressed at that time that some of the media, particularly the movies, glamorized the use of drugs. I think a lot of progress has been made since then. I'm pleased to say that I see on our TV many ads discouraging the utilization of drugs. But are you satisfied, or can more be done to make use of drugs a less accepted practice than it has been in recent years? Is the media doing all it can do?

Dr. BENNETT. Not all it can do. It's doing better, though. I don't think there's any doubt it's doing better. I'm going to Hollywood next month—but I'll be back. I doubt they'll ask me to stay. It will be a quick trip. I'm talking at a luncheon there. A number of people are doing some very positive things.

Disney Studios and others are aiming their message at kids, young kids. That's very positive. I haven't seen this new movie out about the Belushi death, but apparently it's quite graphic in its portrayal of what cocaine addiction does. I've seen one movie called "The Boost," which was, I thought, a very good presentation.

All we ask of Hollywood, which is the same thing we ask of all the media, is tell the truth. Tell the truth. Don't lie. Don't overstate the damage or the problem or the risk. Just tell the truth, and do it in a way that takes full advantage of all the gifts and abilities and talents of people in Hollywood.

I think that media attention, simple attention to the problem, has been a great thing. Attention must be paid, and obviously the attention that the media has paid to this issue has had a real effect on public opinion.

I think, Senator, when American citizens saw those babies on television, whether they saw them in person or not, they said: My God, this has to stop. Because all of a sudden the lie was clear. The lie was out then. The notion that if it feels good, do it, you're not hurting anybody; if this is what gives you pleasure, go ahead; who's to say why not. The lie became apparent when people looked at those babies and saw the clear evidence of what happens when you get involved with this stuff. So the media can be a very, very powerful ally.

It distorts, sometimes for good ends, it distorts sometimes for bad ends. It's making tons out of legalization when probably 5 percent of Americans have any sympathy to this view at all. But it likes the issue, and it likes the debate. I think it likes it because it likes debate, but doesn't know how else to get a debate except to keep coming up with, well, maybe we should legalize it, when, as you know and other members of this Committee know, there are plenty of other debates we can have once we decide on this issue.

I'm sorry to be so long-winded, but it's a very important instrument. It can be very helpful. It already has been helpful in terms of identifying the problem. Overall, I give all the media, as one, good grades if I'm being asked to do that. But obviously they should do what they want.

Senator ROTH. I think there has been a significant turn-around. I agree that the media are playing a very key role today.

Dr. BENNETT. Yes.

Senator NUNN. Thank you, Senator Roth.

One final question. I'd like for you not necessarily to answer it today unless you choose to, but I would like for you to think about it, as to how you would view authority, if we gave it by Congress, to have changes in currency with very brief notice, so that people that have a large amount of cash would have to go through a considerable amount of anxiety if they ever acquired that cash illicitly as to how they'd change that currency, with perhaps the Internal Revenue Service looking over some of the larger transactions. Have you looked at that, and would you consider that authority perhaps useful in legislation?

Dr. BENNETT. I would like to look at it further and get back to you, Senator. I've asked a couple people about this. There's a difference of opinion in sort of the money world about how useful this will be because of the preponderance of $5, $10 and $20 bills, particularly $20 bills, in this traffic, and the obvious cost of trying to replace them. But I would like to take a look at it.

I thought when you said following on Senator Roth's question, I thought you were going to offer me the authority for production supervision of all Hollywood movies, and I was reluctantly going to turn it down. [Laughter.]

Senator NUNN. I would like for you to look at that because I'm seriously considering putting some kind of amendment, when we have the crime package up or the drug package up on the legislative side, that would give that authority. I have got to look at it myself further. It's a complicated matter.

I'm told the Treasury Department studied that several years ago. I don't have a copy of that study. I'd like to get it. If you get a copy of it, I'd like to have it. I'm told that it came out negative. But I believe that we need to take a fresh look at that, and perhaps some selective use of that authority without giving notice as to how it's going to be used could be done appropriately, or even the threat to use that authority could change the scene.

Dr. BENNETT. We'll get an answer to you on that.

Senator NUNN. I'd like to at least consider that seriously, and I'd like for you all to let us know because I may very well sponsor something like that.

Dr. BENNETT. Fair enough.

Senator NUNN. Thank you, Dr. Bennett. We appreciate you and your associates being here. We know you have a lot to do, and we appreciate your time very much.

Dr. BENNETT. Thank you very much, Mr. Chairman.

Senator NUNN. Our second panel of witnesses this morning—and we will have to conclude this at 12:30, I know Mr. Westrate has to leave, so we have got about 40 minutes—is Mr. David Westrate, the Assistant Administrator for Operations of the Drug Enforcement Administration. Mr. Westrate is no stranger to this Subcommittee, having last appeared earlier this month when he gave a very detailed description of the Colombian drug cartels and their role in the cocaine trade.

Accompanying Mr. Westrate will be special agent Michael Long, Peruvian Program Coordinator for Operation Snowcap, who has recently returned from Peru.

Today Mr. Westrate will be providing the Subcommittee with a description and analysis of the situation in the Andean region with a particular emphasis on Operation Snowcap, which attempts to interdict the supply of cocaine at its source in Peru and Bolivia.

Their presentation will not only help us better understand the problems of Peru and Bolivia, but they will also detail one of the key efforts to address those problems, namely DEA's Operation Snowcap.

While they are setting this up, we will take a two minute break and be right back.

[Brief recess.]

Senator NUNN. The Subcommittee will come to order.

Mr. Westrate, I will ask all of you to please stand and take the oath. We swear all the witnesses before the Subcommittee.

Do you swear the testimony you give before the Subcommittee will be the truth, the whole truth, and nothing but the truth so help you God?

Mr. WESTRATE. Yes, I do.

Mr. LONG. I do.

Senator NUNN. Thank you. We are pleased to have you today, and I know you have some information for us, so why don't you proceed as you choose to.

TESTIMONY OF DAVID L. WESTRATE, ASSISTANT ADMINISTRATOR FOR OPERATIONS, DRUG ENFORCEMENT ADMINISTRATION, ACCOMPANIED BY MICHAEL LONG, PERUVIAN PROGRAM COORDINATOR FOR OPERATION SNOWCAP

Mr. WESTRATE. Mr. Chairman, we, of course, have submitted a statement.[1] I would like to highlight a few important points prior to taking questions.

Earlier this month I appeared before you to discuss the investigative and extradition efforts against the Colombia cocaine cartels. The current crackdown by the Government of Colombia, although not yet capturing a major cartel leader, is having a substantial disruptive effect on cocaine trafficking activities in major source areas.

In the Upper Huallaga Valley of Peru, where 55 percent of the cocaine is produced, coordination by Colombian traffickers has severely deteriorated, U.S. currency is in short supply, and there is a growing surplus of coca products.

Last night I received a situation report on what is happening in the Upper Huallaga Valley and I can report that since the operation started September 8th, we have successfully, with our Peruvian counterparts, raided 10 laboratories. They averaged 150 kilograms a day production capacity—that, of course, would assume they were in production all day every day—five air strips, one headquarters complex, a precursor site. Interestingly enough, there have been 14 arrests in these activities, five of the people arrested were Colombians and nine Peruvians.

The price of cocaine base has dropped by one half. Paste prices are vacillating a lot, but they are running between $100 and $270 a kilo, which is down from $350.

Senator NUNN. Now, just before you go on, tell us a little bit about your economic strategy. What you are talking about doing is driving the price down. How does that work? What do you have to do to get the price down? The strategy is to get the price up on the streets and get the price down in the production areas, is that right?

Mr. WESTRATE. Well, step one is that we have to address this huge volume, and I think points were made earlier this morning that perhaps the market conditions would vary later, with prices going up dramatically, that is a possibility. But that will never happen until we get the volume down.

The notion here is that if you have your own home for sale on the block and that is the only house for sale, the price would be pretty good, but if every house is for sale, the price will obviously go down considerably, and that is what we are trying to do; by completely containing the two principal growing areas, we believe that we can drive the price of coca leaf down because there will be no buying activity, and that is exactly what is happening in the Huallaga Valley at this time.

Senator NUNN. So if you are interdicting and drugs are seized out in the middle of the ocean, or seized as they come across the border here, that means there is less supply, and that means the price is going to go up back in the production area, is that right?

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[1] See p. 181.

Mr. Westrate. Yes, but of course, we have to keep the pressure up. That is the point. Can we sustain the pressure during the transitions in the economic conditions, and I think we can.

Senator Nunn. Well, what I am saying is, I am just trying to get in my mind—I think everybody ought to understand what our strategy is. Interdiction makes the price go up back in the coca producing areas if you are successful?

Mr. Westrate. If we are successful, yes, but I think we have to look at it further than that, the control of chemicals and some of the other things we will talk about.

Senator Nunn. But you don't want the price to go up in the coca region, you want the price to go down?

Mr. Westrate. Right, and we will drive it down. At what point in time it turns around, if at all, remains to be seen.

Senator Nunn. So you have got two strategies, one is to drive up the price on the streets of America, which means cutting the supplies coming in here, but driving down the price where it is being produced. That is a tricky proposition because one seems to me to work against the other.

Mr. Westrate. Well, first of all the objective is to eliminate supply. An end result of that would be a price increase domestically. I think it would be evidence of the fact that we are being successful.

The trick here is that coca cannot be migrated to new production areas quickly, it is about at a minimum 18 months, but more likely a 2 year proposition, and I don't think it can be done that quickly. So we have an opportunity with this drug product to have an immediate impact that I believe we can sustain, and that is what we are striving to do.

Senator Nunn. But am I correct then that your strategy is to drive the price down where it is grown?

Mr. Westrate. Yes, initially, absolutely.

Senator Nunn. And to drive the price up where it is consumed?

Mr. Westrate. Well, the price would naturally go up, yes. We hope that will happen.

Now, a couple of other points. Leaf prices are ranging between $10 and $14, down from $20 for a 25 pound bale. We are seeing about five flights to Colombia a week, whereas before we were seeing five flights per day. We currently have between 50 and 100 days' worth of targets to fly against in the valley and we are flying about one target per day.

In Bolivia, seizures are three times the norm, with 2,000 kilos of paste and base being seized in the last 90 days, compared to 300 to 400 kilos from previous periods. This is a result of, again, stockpiling.

The Colombian National Police have hit four hydrochloride labs since mid-September and seized 1 ton, a record, at Barranquilla, Colombia, this weekend.

Recent enforcement achievements represent a build-up in resource and momentum in South America over the past 3 years. I would like to point out that these indicators of which I have spoken, are considered as preliminary indicators only. There has been some mention about price increases in Miami. To a point that is true, but we are not certain yet as to whether or not that is just people making extra money based on the background situation, or whether in fact we have impacted the pipeline. I do not believe we have impacted the pipeline yet, but I do believe we have the opportunity to do that during the next few weeks or months.

As you know, this is probably the first time, Mr. Chairman, that we have been able to see the disruption that we have felt could be achieved, and so we are very encouraged by that.

Bolivian law enforcement has evolved from primarily interdictory efforts in the Chapare to targets of increasing scope, including Operation Screaming Eagle, arrests of major violators, raids on trafficking strongholds, and detection and destruction of hydrochloride labs in the Beni area.

In the Upper Huallaga Valley of Peru we have a new secure forward base and runway at Santa Lucia. Training and tactics have been improved, including special training in small unit tactics, air mobile tactics, and operational security. In Colombia the National Police and military seized 23 metric tons of cocaine and a total of 831 processing facilities, including 29 large laboratories in 1988. The momentum continued in 1989 with the seizure of five major lab complexes with a total production capacity of 657 metric tons.

In all three countries the governments are fully committed to stopping narcotic production and trafficking, often at great cost. Although the primary impetus has come from the countries, themselves, the United States has been actively involved in this change.

Operation Snowcap was implemented in April of 1987 by DEA, INM, and the host Government enforcement elements as a multifaceted strategy to stop the production of cocaine, and thus take away the livelihood of the controllers of the cocaine traffic. The strategy focuses on isolation and attacks on the sources of cocaine through destruction of laboratory facilities, air strips, chemical control, and interdiction of drugs on land and waterways in conjunction with eradication and economic development programs.

Each facet of the strategy was based upon successes and failures in the coca source suppression over the past decade. For example, Peru's Operation Green Sea was conducted in 1979 and 1980. It was effective in suppressing cocaine production in the Upper Huallaga but lacked follow-up. Operation Condor, a Peruvian operation begun in 1984, demonstrated the importance of military airlift support to the police forces. Operation Bat, which was implemented in the Bahamas in 1982, brought a new and critical element to the host Government drug suppression activities. That was U.S. military support.

Helicopters furnished by the U.S. Air Force, and more recently, the U.S. Army, are used to interdict suspect aircraft and transport a Royal Bahamian strike force, including DEA, to offload sites where enforcement action is taken. U.S. Customs and U.S. Coast Guard also have significant participation.

Operation Blast Furnace in 1986 marked a significant step forward in South America. At the request of the Bolivian Government, six U.S. Army Blackhawk helicopters and 160 U.S. support personnel arrived in Bolivia in July of 1986 to provide air mobility to Bolivian anti-narcotic forces. Despite its success, the high visibility of U.S. military operations in Bolivia were extremely controversial and the operation was short-lived.

Operation Snowcap was designed to follow up on Operation Blast Furnace. Snowcap planning began in September of 1986, 2 months before Blast Furnace was concluded. As a result, there was a smooth and effective transition from U.S. Army to Bolivian responsibility for air operations. Six Bell UH-1 Huey helicopters, loaned by the U.S. Army to INM, and a U.S. Army training team, arrived in the same C-5A transport, which withdrew the Blast Furnace equipment.

The formal Snowcap operational plan, a strategy to extend coca suppression operations to 12 countries in Latin America, was completed in January of 1987 and included comprehensive initiatives, including lab, air traffic suppression, interdiction and chemical control.

The concept of chemical control has emerged from a belief that the chemicals essential to the processing of coca to cocaine were as important as the coca itself. It should be noted that an estimated 60 percent of the chemicals that are used to process cocaine products in Latin America originate in the United States.

We are currently implementing the new Chemical Control Diversion and Trafficking Act of 1988, which promises to be a potent weapon against the cocaine supply.

Senator NUNN. You are preparing legislation, you say?

Mr. WESTRATE. No, sir. Legislation was passed last year, we are implementing the legislation.

Senator NUNN. So you got all the legislation you need in that area now?

Mr. WESTRATE. Yes, sir, for openers. We may want to adjust it in a year or so after we have had some experience with it.

Senator NUNN. What you are doing is working up the operational procedures based on that legislation that passed last year?

Mr. WESTRATE. Yes, sir, regulations have just become final and we are in a full implementation phase.

A final and essential element of the Snowcap strategy is host Government implementation and regional cooperation. The International Drug Enforcement Conference, IDEC, which was initiated in 1983, brought together drug enforcement executives representing 20 nations from South, Central, and North America to coordinate drug enforcement policy matters and share information.

Over the years IDEC had been successful on several fronts, especially in the areas of chemical control and monitoring aerial eradication, control delivery techniques, and pursuing legislative and judicial reform, as well as regional communication systems for narcotic enforcement.

In addition, IDEC–6 resulted in precedent setting enforcement operations which were conducted simultaneously by 30 countries in August of 1988. Planning is currently being finalized for expanded simultaneous operations in 1989, simultaneous operations which will hit the cocaine traffic at a time of severe vulnerability.

A critical facet of the Snowcap strategy is the coordination of U.S. assistance to host Government operations. Source area coca suppression is a law enforcement activity conducted in a paramilitary environment. It must have the support of the community and be seen as being in the best interest of the community. However, it must also overcome a very hostile environment, often in remote jungle areas in control of insurgents and traffickers.

In this regard, host Government drug enforcement support needs, especially in the areas of training, equipment, and air support, extend beyond the resources and expertise of DEA and INM. To a varying extent, Peru, Bolivia, and Colombia have each involved their military forces in supporting drug law enforcement efforts, but here again, state-of-the-art technology and equipment are often lacking. Much of the specialized expertise and resources are available from the U.S. military. However, direct U.S. military involvement in host government law enforcement operations is not acceptable.

Nevertheless, we have received extensive support from the Department of Defense, which has resulted in major improvements in planning, training, logistical support and transportation. I will note that DEA provides substantial intelligence support to host Government suppression programs through its ongoing investigations. For example, Colombian operations are supported by two DEA special enforcement operations against the Medellin and Cali cartels. The special enforcement operations, which funnel intelligence from 400 separate investigations and 180 long term informants active in 21 countries and 25 states, were primary sources of intelligence used for raids on major cocaine trafficking facilities over the past two years.

It is my opinion, Mr. Chairman, that the successful cocaine lab raids conducted by the Colombian National Police in the last 2 months are the cause of the current wave of violence in the war that is currently being waged in Colombia.

In conclusion, I would like to say that earlier this month President Bush approved the U.S. Government's Andean Strategy, which builds upon the resources developed by Snowcap and adds priority to meeting the special needs of coca suppression efforts in those three countries. The new strategy answers questions as to the roles of the various U.S. agencies and, most importantly, the roles of the U.S. military and the intelligence community, and I think very significantly sets the stage for an Andean summit within a few months.

The combination of the Andean Strategy, Snowcap, and IDEC have tremendous potential, which when dovetailed with aggressive international investigation and domestic anti-drug efforts, foretell a time of progress in the world's campaign to stop cocaine.

I would be pleased to answer any questions that you might have.

Senator NUNN. Thank you. Mr. Long, I know you have been in Peru, I believe, is that right?

Mr. LONG. Yes, sir.

Senator NUNN. How long were you there?

Mr. LONG. The last time I was there was just for a few days, we went to all three of the Andean countries.

Senator NUNN. Were you ever stationed there?

Mr. LONG. No, I have never been stationed there. I have been in charge of the program there for 2 years and I go down and I spend 2 to 3 weeks at a time and then get back up here and continue my work.

Senator NUNN. When was last time you were there?

Mr. LONG. I was just there 2 weeks ago, sir.

Senator NUNN. Two weeks ago. Do you have anything you want to add before we get into questions? I will be touching that. Do you want to bring us up to date on that?

Mr. LONG. I would just like to say that I think that this is a law enforcement endeavor and not a military endeavor. I sat here this morning for the first 2 hours and I never heard the word "police" or "policemen" brought up, but I heard "troops," "soldiers," I heard it all, and I don't think that is the way to go about it, sir.

Senator NUNN. My first question really was going to be do you believe DEA is the appropriate agency to handle Operation Snowcap and other such operations in these countries?

Mr. LONG. Yes, sir. If you are asking me, sir, yes, I do.

Senator NUNN. What is the downside of using military forces?

Mr. LONG. Number 1, I don't think they would be invited in. Number 2, they would have to be trained for a police role, which they are not trained in now. I was asked by your staff the other day would it be easier to train a cop to be a soldier or a soldier to be a cop.

Senator NUNN. What is the answer?

Mr. LONG. Well, I think it would be easier to train a DEA agent to take on the task of the soldier, if they help him in his role in a jungle environment, or in an environment like that. I don't think you could do it the other way around. I am not saying you couldn't do it. You gave me the choice, I would take the DEA agent.

Mr. WESTRATE. Mr. Chairman, if I could add to that, I think there is a lot of capability that would be effective if the political decision was made, but I think our entire effort here is basically predicated on the fact that a political decision will not be made to mobilize in a military context.

Senator NUNN. How much help do you get from the U.S. Special Forces now in terms of training and equipment and so forth?

Mr. WESTRATE. We get a tremendous amount of support. We have, as you can see from some of these charts—I could perhaps in a few minutes take you through some of the steps—but we have had U.S. Special Forces training teams supporting us in Bolivia for a couple of years. A Special Forces training team is now actively training our Peruvian counterparts, and DEA agents have been receiving extensive training, not only from Special Forces but other elements of the U.S. military establishment, as well.

We get tremendous support from these people and in a sense we are the U.S. element that is out front, but we are developing quite an establishment behind us that is multi-agency in nature.

Senator NUNN. What is the appropriate role for the Department of Defense in an operation like Snowcap?

Mr. WESTRATE. My view is that DOD has a support role provided the political atmosphere will not change. I think one of the significant things in the President's strategy is that the role of DOD was defined as being one in support. The other part of that question is, I think, support at its own cost.

DEA cannot as a civilian agency with a relatively limited budget reimburse DOD for the kinds of things that we need, so DOD has to be a full blown partner utilizing its own appropriations.

But with those things, there is tremendous training, there are equipment opportunities, support in communications, support in the area of medical equipment, just a whole host of things that can and will and already have involved DOD in a big way supporting this effort.

People like to use the term "paramilitary," sometimes I think we should turn that around and say "para-law enforcement." What fascinates me is in conducting the training between DEA and DOD, we realized that we had to develop finally a training curriculum that was somewhere between training that is conducted by law enforcement and by DOD, because by picking DOD courses off the shelf, which we started to do, did not result in exactly the type of training that was necessary. They recognized it and we did.

General Thurman and General Downing instructed the Training and Doctrine Command of the Army to send six top officers to DEA. We matched that with DEA supervisors, and over a period of time identified 1,053 tasks that DEA personnel would have to accomplish in Latin America, and as a result of that, training books—job books, they are called—were developed for a working agent, a team leader, a pilot, an intelligence agent, and from these job books then was developed the first training course, and that is conducted by the U.S. Army Rangers at Fort Benning. I went to the first graduation about 3 weeks ago of the first DEA agents who are now in the 2-month specialized training course.

Senator NUNN. Do they go through the same basic training there that the others do in the uniform?

Mr. WESTRATE. In part, but again, one of the things the Rangers do is they have desert training. We don't do that. We have do the swamp part and we do the mountain part, because that is the terrain we are interested in in Latin America.

Now, there are some other things that are left out, there are other things added because of the type of things that we do. It is quite sophisticated and I think reflects the professionalism that both DEA and DOD is approaching in this training.

Senator NUNN. Are you paying for that training now out of your own budget?

Mr. WESTRATE. It costs us about $55,000 to train a DEA agent to participate in this activity, including the 25 weeks of language training that is now being conducted at Monterey at the Defense Language School.

Most of the training costs are borne by DOD, but we have per diem and travel costs and so on.

Senator NUNN. When you say it cost you $55,000, you mean that is cost to the Government but DOD is paying most of it?

Mr. WESTRATE. Well, DOD pays the training cost, we pick up the specific costs of our own personnel, TDY and the cost of transportation to and from these places.

Senator NUNN. Out of the $55,000, how much are you paying and how much is DOD paying?

Mr. WESTRATE. That is the DEA bill, $55,000 a copy.

Senator NUNN. How about DOD?

Mr. WESTRATE. I don't have a firm estimate on that. I could get back to you with that figure.

Senator **Nunn**. Mr. long, you have been on the front line in the law enforcement end. Tell us the basic difference between law enforcement training and military training. You were talking about the difference between being a cop and being a soldier, what is the basic distinction? I don't think a lot of people focus on that.

Mr. **Long**. When we first approached TRADOC and they approached us to create a school, we were going around pulling schools off shelves.

We sat down together and we decided just what would a DEA agent need to go off into this paramilitary environment. He does not need to know how to call in artillery and things like that, but he does need land navigation, he needs to know where he is at all times. He needs to know helicopter borne raid techniques, small unit tactics and things like that. So that is what we decided to teach him in this school.

DEA could not teach those things. So while the U.S. Army, or DOD, is training our agents here, the SF teams are training their counterparts in-country.

Senator **Nunn**. SF? Special Forces?

Mr. **Long**. Right, the Special Forces teams are training our counterparts in-country. DEA agents are being trained by the same trainers. When we get there and we hook up, we have been trained by the same trainers, the same techniques, and we go on from there.

There are other things we cannot do. Security. We don't know how to build bases, we don't know how to manage bases. There are things like communications. Frankly, our communications used in the streets here in the United States have broken down down in the jungle, and we need that kind of expertise. We have good—we feel we have good human intelligence. We do not have any other kind of intelligence to complement that, and we know other people have it, and we are asking them to help us.

Senator **Nunn**. Are you getting that kind of intelligence cooperation?

Mr. **Westrate**. Yes, we are. We cannot get in, in this forum, to intelligence community support, but we are. We have at the present time a number of U.S. military personnel, officers, assigned to DEA headquarters. Colonel Bob Brown, who was a Defense Attaché in Bolivia during Blast Furnace, when he rotated back to Washington, we had him assigned permanently to our cocaine section at headquarters and he provided invaluable interface between us and DOD.

He currently has been rotated back to a permanent U.S. Army assignment, but we now have U.S. Marines and U.S. Army personnel assigned to our headquarters, helping us to coordinate these things.

In addition, we have worked closely with the Center for Low Intensity Conflict for the past year and a half, and our operations plans for Peru and Bolivia, in particular, have been co-authored by DEA special agents and these experts from the Center for Low Intensity Conflict, so that, one, we speak the same language, we follow the same basic format in operations planning, we become aware of the capabilities of both organizations, and I think we have got a good solid product as a result of that.

This has to be a sophisticated division of labor. There is no sense in DEA going out and attempting to acquire a lot of the things that are available in other Government agencies. The trick here is to bring them to this fight in such a way that it is acceptable politically to the host Government, it complements what is going on in the host country, because after all, it really is a job that is being done by our counterparts in these countries. Our job is to augment and assist, provide regional leadership and do some of the other things that they simply are not capable of doing.

And I think we have got a good thing going here in terms of having built the capability for a successful story.

Senator NUNN. How do you view the proposition that we need some form of international or Latin American strike force? By that, I don't think it is being described as a military force as much as a force specializing in narcotics, in protecting governments that are under siege from narcotics deals and so forth.

How do you view that kind of Latin American joint venture proposition?

Mr. WESTRATE. Well, first of all, Mr. Chairman, I think that is going to end up being a political question. And I think what you are going to look at here is a sensitivity to the sovereignty issue. And you could look at that two ways. You can look at it, I suppose, from military intervention, be it multi-national, it is still a military intervention in a sovereign nation.

Senator NUNN. It would not have to be military, it could be international trained people along the line of your agents. It does not have to be people necessarily in uniform.

Mr. WESTRATE. Right, it could be police. And I think what you are going to see—my best guess of this is I don't think initially that you are going to see an international force created, but I think you are going to see more informal joint activities.

For example, right now Jack Lawn is in Europe discussing with the Spanish and the Italians, based on a program initiated by Attorney General Thornburgh, the infusion of additional support from our European colleagues. Now, that is going to take many forms but, of course, some of the things being talked about are police training, police advisors and so on. This has to be coordinated, but I think you will see first an informal step.

Now, my view is there is something that could change this dramatically, though, and that is if the Government of Colombia is unable to sustain its anti-cartel efforts. If that happens, then in my view, having watched for so many years, I think the entire situation will have then changed, because in effect the cartels will have won.

Senator NUNN. And what happens then? What would you advocate if that does take place?

Mr. WESTRATE. Well, I am not advocating anything, but I would just observe that I think that we would have to look at different options than we are currently looking at.

Senator NUNN. Like what?

Mr. WESTRATE. Well, whatever it might take. I mean, we would certainly have to concentrate heavily on Peru and Bolivia as a source of the raw product for Colombia. That would be something that would have to be strengthened even further.

We would have to look at strengthening interdiction activities. There are a number of things that would come into play there, it seems to me, so it is important that we continue to support Colombia.

Senator NUNN. Are you saying that we might also have to look at some kind of inter-American task force, police force, that would go in and help them if they requested it?

Mr. WESTRATE. Well clearly, if they were unable to sustain their current efforts, then it would certainly seem to me that something like that is an option that would have to be discussed.

Senator NUNN. If we move in that direction, would you believe that it should be in the nature of a police force working together, rather than military forces working together?

Mr. WESTRATE. Depending on what the activity was. If it is interdiction at sea or in the air, I think you are probably look at augmentation by agencies with that capability. And I think big time interdiction like that would have to involve military assets in the international air and sea.

But I think Colombia is moving aggressively. As I mentioned before, and I want to stress this, this current wave of violence, in my personal opinion, didn't just happen by spontaneous combustion, it happened because the police have been seizing these huge lab complexes. In my summary statement I said 657 metric tons capacity seized in just the last few months. Now, that is an enormous production capacity. There was enough chemicals in the lab seized just before the assassinations started, Mr. Chairman—there was enough chemicals in that one lab complex to manufacture 120 metric tons of cocaine. And if they used the reprocessing equipment that was present at that lab site, they could have manufactured 500 metric tons of cocaine.

Senator NUNN. To give us some idea, how much cocaine is there? You said 120 metric tons of cocaine in that one lab is what they were producing?

Mr. WESTRATE. Yes. They could have with the chemicals present, produced that much.

Senator NUNN. Now how much, as a percentage of U.S. consumption in a year, is that? Give us some idea of how you quantify that.

Mr. WESTRATE. Well, these estimates are not as accurate as we would like them, but I would say that if you looked at that kind of production capacity, it rivals our estimates for an annual flow to this country. Our estimates, I think, have to be low, as reflected in this one lab's production capacity.

Senator NUNN. In other words, you think we are really consuming more than what our estimates show now?

Mr. WESTRATE. Well, it is not just us, though. I think what you have to look at too is the flow to Europe.

Senator NUNN. But there are laboratories all over the place, and you are saying that one laboratory could take care of a year's supply in the United States, so something seems to be out of whack there.

Mr. WESTRATE. No, there really isn't, because—this is not always true—but generally speaking, the hydrochloride laboratories are in Colombia, the base laboratories are in Peru and Bolivia. Now, of course, it is a one to one conversion from base to hydrochloride.

The interesting thing to watch here too, sir, I think is the fact that the Peruvians and the Bolivian traffickers don't really need the Colombians. They could start making hydrochloride themselves, but I think more likely they would start shipping cocaine base directly out of Peru and Bolivia to the United States. Cocaine base, after all, is crack cocaine. What we are seeing here though is they go from base in Peru to hydrochloride in Colombia, smuggle to the U.S., and then convert backward one step from hydrochloride to base, which is crack.

Senator NUNN. Laboratory work would be taking place here rather than in Colombia? Is that what you are saying may happen?

Mr. WESTRATE. If at all, because the cocaine base as produced in Peru is smokable. It is not as clean, because it hasn't gone through those final two processes, but there is absolutely no reason why that couldn't be done. So we look for pressure to have cocaine flow out of Peru and Bolivia and direct to the United States. We are seeing evidence of that. We are seeing cocaine products flowing south through Uruguay, through Brazil, and heading in commercial cargo up to the U.S. and also to Europe. We are seeing the flow also to Chile.

Senator NUNN. I think what you are saying is even if we are totally successful in Colombia, that is not going to put a big dent in the operation, it is going to just shift the nature of it and it is still going to come out of Peru and Bolivia, just in a different form, is that what you are saying?

Mr. WESTRATE. Well, I am not being pessimistic about it, I am being optimistic by saying that our strategy, which we have been developing for 3 years and now enhanced through the Andean Strategy, has been designed to be regional, because we realize you cannot address this in one country alone.

Now, it is clear that the disruption in Colombia is causing the disruption in Peru, and to a lesser extent in Bolivia. Now we have got to concentrate in all three areas. We cannot run off and just do Colombia. It seems to me we have got to keep the pressure on in all three areas, and we are certainly in position to do that.

Senator NUNN. I am not asking you to get into this policy, but just a general question, do you believe that we need an economic policy in those areas as well as a law enforcement policy?

Mr. WESTRATE. By that you mean economic assistance?

Senator NUNN. Yes. I am asking you whether law enforcement alone can work without attending to some of the economic problems in Peru and Bolivia?

Mr. WESTRATE. No. Law enforcement alone cannot. We definitely need that program. It is being developed. I was reading papers last night in draft from the State Department. There are discussions with many different Governments around the world to try and help to organize this assistance. A lot of this discussion is focused with the United Nations in UNFIDAC, and I think it is exactly what has to be done.

But as noted by Director Bennett this morning, I think performance—continued performance has got to be a key to economic assistance. In other words, if there is no performance or progress, economic assistance would be a waste of money.

On the other hand, it has to be timed properly so that it can be delivered simultaneously with the pressure from operations. And I think the interesting thing here is going to be how some of these pressures play. It was noted this morning that the people in these two primary growing areas are really transient people, and will some of them leave and return to their home cities?

There is going to be some of that activity, I think, if we are successful. But we have to use operations as a motivator for people to look to alternatives. And if we don't do that, no alternative will even be desirable.

Senator NUNN. The two have to go together.

Mr. WESTRATE. Exactly right, because you make too much money in the cocaine business, and there is nothing in the legitimate area that will compete with that. And so we have to take the illegitimate cocaine option away in order to make these other options desirable, and that is what we are designing, that is what we are trying to accomplish with these programs.

Senator NUNN. Mr. Westrate, looking at the interdiction for a moment, have you got a breakdown of how cocaine comes into this country? In other words, how much of it comes by air, how much of it comes across the border on the ground, and how much of it comes in cargo, how much of it comes by boat? Do you have an estimate, a general estimate of that?

Mr. WESTRATE. Well, we do. I don't have it with me this morning.

Senator NUNN. Have you got a ballpark idea?

Mr. WESTRATE. Yes, I can tell you, we talked before, it was mentioned and we agree, about a third of the cocaine is flowing through Mexico. Now, that basically is manifest today in flying ton quantities into Mexico from Colombia where these loads are broken down and they are either flown across, but more likely taken right across, either through the ports of entry, or on the land borders between ports of entry. That is a very active area.

Senator NUNN. So that is one-third coming through Mexico, with most of it coming across on the ground.

Mr. WESTRATE. Yes, I think another growing area is the use of commercial shipments. If you go back and analyze the major seizures in the last couple of years—and we have done this so I could provide you a list of the major seizures—the majority of the really big seizures are coming in commercial cargo; 8,000 pounds in boards in Tampa, Florida, for example.

Senator NUNN. By ships, you mean?

Mr. WESTRATE. Yes, by ship. Frozen fruit concentrate, concealed in raw chocolate products. So commercial cargo is incredibly important.

We are working very closely with the Customs Service in their Operation Winter Night, which is a computerized cargo program profiling system.

In addition to that, we continue to see private air and private vessel involved in this. I earlier mentioned Operation Bat. That is a clear success story, and it is a precursor to what you see here in Latin America in terms of these operations. And it is unique in that it has got U.S. military—and we talk about the role of the military—U.S. Army pilots are in fact flying those helicopters with Bahamian and DEA police in the back, and also, of course, the U.S.

Coast Guard now is the backbone of OPBAT in the Bahamas as we look to more civilianized alternatives.

But the point is that Operation BAT forced a shift in cocaine flow over to Mexico. Number 2, it forced a shift in the cocaine flow over Cuba. You are aware of all these hearings in the last couple of months about the role of Cuba. Well the Mayacorda route was something that, in my view, was clearly forced by OPBAT in the Bahamas.

But here, again, we are pushing, pushing, pushing, and when we do that we expect that they are going to move on us.

Senator NUNN. Do you have a channeling plan? In the military if they were carrying out a battle plan, they might have a plan to channel and use pressure to make forces flow in one direction or the other. Is there an area where you want the channeling to take place? Are you trying to force in one direction, or is it just basically a pattern of everywhere you see it you go after it?

Mr. WESTRATE. In my opinion, sir, we don't have enough money to do that, because you cannot cover all the alternatives. The situation in Canada with that Colombian team that was deployed to break defendants out of a Canadian jail this past couple of weeks, were arrested in April with 5,000 pounds of cocaine. I believe that had been flown directly from Colombia to Frederickton, Canada, and the intention was to smuggle it backwards south across the border into the United States and on to New York.

I mean, if you look at the alternatives to smuggling, they are just really virtually endless. So we must keep that pressure up, because one of the most important aspects of smuggling seizures is that they form the basic heart, often, of major conspiracies which result in indictments against major trafficking organizations.

So that is important. But our philosophy here with Operation Snowcap is if we really want to make a dent in this, we have got to go down to the missile silo and take it out as opposed to trying to catch each missile as it is flying towards the country. That is basically what we are talking about here, get to the source areas.

The key to this is that 90 percent of the world's cocaine comes out of these two relatively confined geographic areas, that is the Chapare in Bolivia and the Huallaga in Peru. And if we can contain those two areas, we have the opportunity to make a tremendous dent in this.

Now, that kind of an approach will not work with opium, because you are scattered all over the world. It won't work with a lot of other things. But for cocaine, I believe it will work, particularly when we combine this with other strategies, such as chemical control.

Senator NUNN. I want to get back to the source in a moment, but just one other question, because we are having to struggle with it, or will soon, in conference. What do you think the need is, is there a need for the ability of law enforcement to shoot down aircraft in this country that do not respond to orders to land?

Mr. WESTRATE. Well, Mr. Chairman, that is a very sensitive thing. I have been trained as an agent, I have 25 years of experience. One of the fundamentals we learn as Federal agents is you never shoot at a fleeing felon. If a felony were committed in my presence here on the streets in Washington, let's say we had five hand-to-hand purchases of drugs from somebody, we went to arrest him and that person ran, or jumped in a car and ran, we can't shoot at him as a matter of policy.

So, first of all, when we talk about shooting down an aircraft, you are talking about shooting at a fleeing felon, in a sense.

Senator **Nunn**. Suspected felon.

Mr. **Westrate**. Right, suspected. I mean, who knows who is in the airplane, is it perhaps an undercover agent somebody doesn't know about it? Is it an informant? Is it some innocent people along with a guilty party? What are we really dealing with here? So, you know, is it somebody maybe who doesn't have a full understanding of the language? Who knows, there are a million possibilities here.

On the other hand, I think we have to have some strength in our interdiction activities. I don't think a shootdown policy is something that will ultimately come to pass, in my view. It might, but I don't think it will.

Senator **Nunn**. You don't think that is needed now, or desirable?

Mr. **Westrate**. Well, I don't think it is, for the reasons I have said. You know, we have a constitutional rule that says you are innocent until proven guilty, and to me proven guilty means a trial.

Now, when you shoot across the bow of a vessel or you shoot into the engine compartment of a vessel, that is disabling fire and that boat stops and you arrest the people. When you shoot an aircraft, there is only one way that plane is going and that is down. I mean, the odds of someone surviving that, I don't think are very strong.

Senator **Nunn**. So there is no such thing as shooting not to kill in terms of downing an aircraft.

Mr. **Westrate**. Not that I know of. You would have to be awful lucky.

Senator **Nunn**. What I was trying to get at in terms of percentage, is the question of how much cocaine comes in by air, what percentage of the cocaine coming into America comes by air and, therefore, how important is this, even if the authority was given?

Mr. **Westrate**. A rough guess, between 10 and 20 percent. I will get you the specific estimates, but I would say 10 to 20 percent.

But let me add something real quick. If we do not have a shootdown policy, I still think we have the opportunity to address these people if we are organized as police forces multi-nationally. That is how we can pursue people. If the Colombians have the air capacity to chase an aircraft that has gone to the Bahamas, seen law enforcement presence and decided to flee back to Colombia, we have every capability of being able to communicate, to track through radar, U.S. military, U.S. Customs, U.S. Coast Guard, to track that aircraft all the way to Colombia, having alerted our Colombian counterparts. They will make a seizure of that airplane when it lands, simple.

The question is having the Colombian police or the Colombian military, whatever their choice is, to be able to fly on a target and arrest them, it is not a difficult thing to do.

Senator **Nunn**. When the Subcommittee staff was in Bolivia last month they were told that DEA had problems with obtaining ammunition, weapons, tear gas grenades and smoke grenades. They were told DEA had ordered and paid for this material but DOD had not shipped it for over 6 months, which caused a critical shortage. Is this true, and why did DOD take so long to fulfill the orders?

Mr. **Westrate**. I cannot answer that specifically, but I will tell you that we have had some logistical problems. I wouldn't blame DOD for that. I would say that this program has grown from zero to the point it is today. We currently, I think, have a good relationship with DOD. I mentioned the officers assigned. They have been tremendously supportive.

Sometimes we have just not had the DEA aircraft to fly some of these supplies down south. That is one of the points, I think, if you talk about how could DOD be effective, a supply run, for example. Perhaps a C-130 that would make a regular logistical run.

Senator **Nunn**. Well our National Guard people are flying those C-130s on training missions all the time. Have you looked into getting some National Guard planes to fly in there?

Mr. **Westrate**. Well, to date we have not had that support, but let me point out to you sir that since the President has made his decision on the Andean Strategy, Secretary Cheney has issued orders, he has held a press conference about this, he has issued orders—I read them—to each of the major commands instructing that DOD submit to him by the 15th of October their plans. We are working very closely with DOD in the development of these plans. General Thurman was at DEA headquarters all of Friday afternoon.

Senator **Nunn**. I would think you could solve this transportation problem within 4 or 5 days. I mean, I would think that all it would take if there is not some kind of plan, that somebody simply pick up the phone and ask the Guard units if any of them are willing to do this. My guess is they would love to fly these missions on training, and they fly them every weekend.

It wouldn't be any extra work, and of course the Guard has a tremendous record—and Reserves—in transportation aircraft. That is where, in many cases, they exceed the experience level of our regulars. So if you would like for me to get in touch with some people I would be glad to. I didn't know you were having this problem.

Mr. **Westrate**. Mr. Chairman, I don't think that is necessary. I appreciate the offer and we will certainly keep it open, but with the response from Secretary Cheney based on the Andean Strategy, I think our needs of this type are going to be more than adequately met. It was a policy question.

Senator **Nunn**. Well, we gave the authority 2 years ago for the Guard to get involved in this. Why does it take so long for policy? I mean, you are saying you are waiting on a plan until October the 15th. I don't understand what takes so long in a bureaucracy.

Mr. **Westrate**. Well, I have had some of those questions myself, but the answer to that is I think clearly we transitioned through Administrations and with the advent of Dr. Bennett's——

Senator **Nunn**. We supposedly had a war going on in the last Administration. It was declared, where was it?

Mr. **Westrate**. There was a review conducted. The creation of Dr. Bennett's office also caused a review to be conducted. The review has been ongoing, and I think that is okay, because the Andean Strategy is a strong one and I think there are good solid marching orders, and so I am really optimistic. Yes, we have had problems, but I think we are in the clear air now.

Senator NUNN. It's my understanding, the U.S. Coast Guard, not the Air Force, is currently flying your supplies into the Upper Huallaga Valley. Why is that happening? Why isn't DOD doing that?

Mr. WESTRATE. Well, I think that's the same policy question. And I would like to compliment the Coast Guard. We are very close partners with the Coast Guard in many respects. The Commandant stepped up to the plate when we had to shift State Department C-123 cargo aircraft from Peru to Colombia to support the enhanced Colombian effort, and as a result of that, the Coast Guard stepped in and supplied us with a C-130, which is flying from Lima to the Huallaga Valley. The importance of that is it is a pressurized aircraft. DOD could easily fill this role as well, it is something we will be talking to them about.

Senator NUNN. Are you saying as we sit here today, as you sit here, that you have no problem with supplies down there now, or are you saying that you have problems with supplies that you believe are going to be cured within the next several weeks?

Mr. WESTRATE. No, I think we are in good shape. I am not aware of any current supplies. We are deploying new teams in both countries, and I think we are in pretty good shape, sir.

Senator NUNN. Mr. Long, do you agree with that?

Mr. LONG. Yes, sir, it is going to be cured. It is almost cured already.

Senator NUNN. Going to be and cured are two different things. Now, you are talking future tense—I have heard so many people testify about what is going to happen, and I have been hearing it for a long time.

Are you saying you have got a supply problem now or you don't?

Mr. LONG. I am saying we used to. We had a supply problem——

Senator NUNN. As of when, yesterday, or when?

Mr. LONG. No, up until about a month ago.

Senator NUNN. So it has changed in the last 30 days?

Mr. LONG. Yes, it has. For Peru, and it will change for Bolivia. What your staff saw will be corrected also.

Senator NUNN. Then in Bolivia it hasn't been corrected yet?

Mr. LONG. The stuff has been ordered, it has not been delivered yet, but it is going to be.

Senator NUNN. When?

Mr. LONG. Probably within the next—it will be by the middle of October.

Mr. WESTRATE. Mr. Chairman, the Coast Guard too, just to give you some example of the type of support we do get, when we were trying to open Santa Lucia again, which is the base we are flying out of in the Huallaga, in order to finally go operational, we had a list of essential security related items—I think it was 30 tons, Mike, or something like that—a substantial amount of equipment that not only was collected inside of 8 days out at Andrews Air Force Base. It was provided to us from commercial suppliers, from DOD supplies, brought together in one spot, and once again, the Coast Guard stepped up and sent a C-130 mission—in fact, I think it took two missions—for the Coast Guard to fly that equipment down to Peru.

Senator NUNN. Well, I think that is great. I am a former Coast Guardsman myself. I think they do a heck of a job, but they are stretched thin, everybody knows that. They are very thin, and we have got National Guard planes that have C-130s that fly every weekend.

Mr. WESTRATE. I know that.

Senator NUNN. And it just doesn't make any sense to me why somebody can't pick up a phone and get that done. I don't think you have to wait on an October 15th plan and bureaucratic review. Somebody has got to be able to cut through this business, and I know it is not easy, but it is possible. That is what we got a drug czar for. Maybe we can direct that to Mr. Bennett, but that ought to have happened years ago not just months ago.

Mr. WESTRATE. Mr. Chairman, this has been accomplished, because Mr. Cheney a week ago assured us that when we needed a C-130 flight, that it would be provided to us, and we haven't yet had to use that, but I think we are in good shape on this and I—however we got to this point, at least we have crossed the line here.

Senator NUNN. Okay.

Mr. WESTRATE. I would like to point out too that at our headquarters now we have two colonels and two majors working with us, one Army, three Marines, 27 years, 21 years, 22 years, and 14 years experience in the intelligence field.

Now, these guys are——

Senator NUNN. In your headquarters?

Mr. WESTRATE. Yes. And these are the type of senior, experienced people who are assisting us on issues like logistics. And here again, should we create a logistics chain? No, I don't think we should. And that is the whole philosophy here.

We have U.S. Coast Guard people currently in Bolivia working with a DEA crew down there to bring that expertise to riverine operations. We have U.S. Border Patrol people who are providing that expertise on road blocks. We can't provide all of that.

So we are looking for the experts, we are putting together a team to be deployed to assist in whatever is necessary.

Senator NUNN. In the past, the State Department helicopter fleet in Peru had to not only carry DEA agent on missions, but also to haul workers for crop eradication, as well as ferry supplies. What is the current situation there? Can you describe the helicopter problem in Peru and Bolivia?

Mr. WESTRATE. Well, in the first place, I remember the days when we had no helicopters, and then one or two, and then four. And, of course, with helicopters, they are always down.

Now in these countries you are talking about helicopter fleets that are not huge but they are sufficient. For example, in Peru right now I believe there are eight—yes, eight helicopters. One DEA Cheyenne, one AeroCommander 1000, four DEA pilots, and so on.

The issue before with lift, in both of these countries, was blade time to support which particular aspect. The question that came up earlier about a disagreement over eradication, we have absolutely never disagreed with the notion of eradication, particularly herbicidal eradication. We think it is effective when it is used right. Mexico is an example, the marijuana crop in Colombia is another example. The issue was splitting very limited blade time between CORAH eradication workers and——

Senator NUNN. Well, another way of saying it is you have had a shortage of helicopters.

Mr. WESTRATE. Precisely, and that is all it amounts to.

Senator NUNN. Well, do you have a shortage of helicopters today as you sit here?

Mr. WESTRATE. Well, right now, because of the security situation in Peru, and therefore the fact that we are not deploying the eradication workers like we had been before, the helicopters are almost exclusively available for interdiction raids on base laboratories.

Senator NUNN. So you have enough right now.

Mr. WESTRATE. We are flying every day.

Senator NUNN. That is not an answer. I am saying do you have enough helicopters?

Mr. WESTRATE. We have enough now, but if the eradication workers got back in business we again would have to have a scheduling problem.

Senator NUNN. How many helicopters do you need if you get back into eradication, in Peru or in Bolivia?

Mr. WESTRATE. Not a whole lot more, I wouldn't say. We have eight now. If we had twice that many, I think we would be in really good shape. But with eight we are in pretty good shape, actually.

Senator NUNN. How about it, Mr. Long, do you agree with that?

Mr. LONG. I agree. When we first went to DOD they told us we needed eight helicopters to do this, and we have eight right now.

One problem is parts, the biggest problem with helicopters is parts. They are very finicky and you need a parts package.

Senator NUNN. You got to have about half of them down at any one time, don't you?

Mr. LONG. That is what you worry about.

Senator NUNN. So if you have got eight, you really have got four operational. Is that about average?

Mr. WESTRATE. Well, I think two-thirds is the working number.

Mr. LONG. What you really worry about is the cannibalization of one of the choppers. When you run out of parts you start to cannibalize, and that is what happened last year.

Senator NUNN. What is the current status of operations in Peru, particularly relating to security, Mr. Long?

Mr. LONG. I don't quite understand the question, sir.

Senator NUNN. Well, I understand that operations have been interrupted——

Mr. LONG. All right, they were interrupted——

Senator NUNN [continuing]. Because of security concerns. I am just asking you what the current status is of both operations and the security situation, both in Peru and Bolivia.

Mr. LONG. Right. They were interrupted in February. Security was one of the many reasons they were interrupted. The other one being helicopters, a lack of helicopters, which we just talked about.

We are, as of September 8th, back on full operation every day in Peru. Operations were never suspended in Bolivia. They have continued on through.

Senator NUNN. Do you believe that we have done all we can do in terms of security down there, or we have done all we should do prudently on the security of the American agents?

Mr. LONG. I have thought about this. I live with it every day. I can't think of anything more that we need that we do not have. We have had experts go down there. We have reached into every manual, we have taken our own officers down there. We have every kind of weapon that could possibly be needed. If there is anything else, it might be some gimmickry that I don't particularly know about, but yes, I am satisfied with it.

Mr. WESTRATE. Mr. Chairman, we do assess this daily and at this point we have no intelligence on any remotely fired weapons or anything like missiles of some kind that the traffickers might have. We do assess it constantly, but we feel that, considering the fact that it is very dangerous with the Sendero and these other insurgent groups, we feel we are in pretty good shape.

We do have surprise on our side, particularly in the raids of these laboratories. As Mike has said, we have the best U.S. military and intelligence community experts available on security who are physically there, who participated, who wrote the requirements, and we fulfilled those requirements, so we are confident.

This is a dangerous business, it is a dangerous business everywhere, not just in the Huallaga, and we are fully aware of what we are up against there, but it has to be done. And at this point the way we are configured is the acceptable way to do it, according to the host Government.

Senator NUNN. Recent news accounts have revealed the grizzly discovery of 20 decapitated bodies near your forward operating base at Santa Lucia in Peru. Would you tell us about this discovery and its significance in terms of security and your concerns?

Mr. WESTRATE. Well, we are aware of this horrible event, clearly. We do not know the reason it happened or who did it. I checked as late as yesterday. We do not have a good answer. The Peruvian authorities are looking into it.

Some speculate it might have been a signal to us about what we are doing. I think eventually, as in all of these situations, it will be determined who did this. There is a lot of activity underway now to try and determine what happened. I am sure witnesses will be developed. There are almost always witnesses to something like this. There is an estimate of, I think, 30 bodies the last time I had any kind of a count on it.

We will certainly be glad to keep you posted with whatever we learn.

Senator NUNN. There have also been recent news reports, as well as information provided to our staff, which indicates that some parts of the Peruvian military in the valley have attempted to forge an alliance with the peasants and the traffickers against the Sendero. It has been brought to our attention that they have condoned the growing and processing of coca in the regions of their control.

Is that accurate, and if so, what can be done about this?

Mr. WESTRATE. Well, I am aware of this. Unfortunately, I would have to go into executive session to discuss it fully in this forum. It is a concern, it is being addressed. I think part of the issue here is a philosophical one, not necessarily a criminal one.

Senator NUNN. Well, they are basically faced with fighting guerrillas at the same time they are trying to do something about the drug traffic, is that right?

Mr. WESTRATE. Yes.

Senator NUNN. How important to the Snowcap strategy in Bolivia, and also to some extent in Peru, is the use of economic assistance? We talked about that briefly, but just how important is some form of an economic strategy?

Mr. WESTRATE. I think it is vital, because both of these countries are as poor as you can be. When we started Blast Furnace, I personally felt that the Bolivian Government might topple over it. There is no doubt about the depth of the cocaine in the economies of these countries.

Senator NUNN. Well, why then—and this is not your responsibility so I am not blaming you—but we have been in this business, you have been down in Peru and Bolivia for years. We supposedly have had a war going on for years against drugs, and you are saying an economic strategy is a vital part, and yet we know—we heard it this morning—we haven't had an economic strategy, it is just now being thought about.

Have you all been telling people in other parts of the Executive Branch that this was a key missing element?

Mr. WESTRATE. We have talked about this for quite some time, yes.

Senator NUNN. How long? How far back have you recommended an economic strategy?

Mr. WESTRATE. Well, I have never made a formal proposal.

Senator NUNN. Just informal, I am not saying formal.

Mr. WESTRATE. We have discussed this for years.

Senator NUNN. How many years.

Mr. WESTRATE. Five, 10.

Mr. LONG. Seventeen for me.

Senator NUNN. Seventeen years.

Mr. WESTRATE. I think that the issue here is timing, and I think my own view of this, one of the reasons I really think that the current situation in Colombia is so critical is because it will perhaps give us the momentum to bring some of these other issues to the fore. Part of economic assistance has to be, I think, discussed in terms of priorities of our Government in other parts of the world.

Probably the most frustrated people I have talked to are the State Department executives who are responsible for this part of the world for not only economic assistance but military assistance. Our money is simply going other places, and I am not saying that those priorities are wrong—there are issues besides the drug issue—but what has to be done between the Congress and the Administration is they have got, I think, to take a look at what is affecting this country the most, what is affecting every American family the most, and these priorities must be adjusted if there are not new revenues, it is clear, and I don't think it is complicated.

Senator NUNN. I agree with you completely.

Mr. Long, do you have any other comments? Mr. Westrate? I know you have a time problem.

Mr. LONG. I would just like to say one more thing, sir, that I think this problem of economic assistance is being understated.

Senator NUNN. Understated?

Mr. LONG. Understated. I look at it in the realm of a Marshall plan, and what I am afraid of is once the Americans find out how big this has to be, how much it is going to cost, I worry about resolve there, so I think this is being understated.

Senator NUNN. Do you believe that we can be successful—let's say that your basic law enforcement strategy is carried out, you get the resources, you get what you have asked for, you get the helicopters, the supplies, the logistics, you get cooperation from intelligence, you start working with the local police better and so forth and so on—the most optimistic set of assumptions you can make about law enforcement—do you believe that you can really succeed in stopping cocaine from those two countries without an economic strategy by this country vis-a-vis those?

Mr. LONG. We can do it because we are cops and we have a job and we have a mission. We can do the interdictions. Somebody else has to come and do the rest of it and help.

Senator NUNN. I understand, but I am saying, can you succeed in your law enforcement goal without an economic strategy? That is the question.

Mr. WESTRATE. Not ultimately, in my view, because there are 200,000 people in each of those two valleys, or whatever the number are. They have got babies there who have stood next to them. They have to eat, they have a right to have an existence, and somehow that part of it has got to be delivered, either by the country in which they live or by the world community.

This is the same question almost—as bad as the situation is in our inner cities—the same question about the cocaine money in these inner cities, and the economics of that and how that money is supporting the family structures in the inner cities. This is a huge question, and I think the next year is going to be very interesting to see how much momentum we can actually sustain here. I hope we are on a roll. We will see what happens.

Senator NUNN. So even under the best set of circumstances, best case, law enforcement really cannot succeed, either where it is grown or where it is consumed—in this country or there—without some much broader strategy.

Mr. WESTRATE. Not by itself, and I think that is why I am glad we have a drug czar, Dr. Bennett. We have got to get pressure on some of these other issues, moral issues, the whole range of things you are familiar with, and law enforcement is one piece of it.

Senator NUNN. Well, we thank both of you for being here and I hope you will also convey my appreciation—and I am sure I speak for Senator Roth, too—to the DEA agents and others who are out there in the field. We had hoped to have some them here, as you know, but their job down there is more important than testifying here, and you have represented them well. But I hope you will express our appreciation to them for what they are doing for our Nation.

Mr. **Westrate**. I will, Mr. Chairman, and I want to thank you for your interest and support as well. We appreciate it very much.

Senator **Nunn**. Thank you.

Tomorrow we will begin at 9:30. We will have the Ambassador of Colombia, the Ambassador of Peru, and the Ambassador of Bolivia, as well as a second panel with the former Minister of Justice of Colombia, a representative of the Bolivian Ministry of Agriculture, and also Mr. Gonzalez, who is a journalist and political analyst from Peru. So we will have a number of people who are familiar with the problems we have discussed today from a first-hand account.

We will begin the hearings tomorrow morning in this room at 9:30.

[Whereupon, at 12:45 p.m., the Subcommittee adjourned, subject to the call of the Chair.]

U.S. GOVERNMENT ANTI-NARCOTIC ACTIVITIES IN THE ANDEAN REGION OF SOUTH AMERICA

WEDNESDAY, SEPTEMBER 27, 1989

U.S. SENATE,
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS,
COMMITTEE ON GOVERNMENTAL AFFAIRS,
Washington, DC.

The Subcommittee met, pursuaft to notice, at 9:35 a.m., in room SD-342, Dirksen Senate Office Building, Hon. Sam Nunn (Chairman of the Subcommittee) presiding.

Present: Senators Nunn, Levin, Kohl, Lieberman, Roth, and Cohen.

Also present: Senator Kennedy.

Staff Present: Eleanore J. Hill, Chief Counsel; John F. Sopko, Deputy Chief Counsel; Mary D. Robertson, Chief Clerk; Harold B. Lippman, Investigator; Cynthia Comstock, Staff Assistant; Daniel F. Rinzel, Minority Chief Counsel; Carla Martin, Minority Assistant Chief Clerk; Robert Harris (Senator Glenn); Aaron Bayer (Senator Lieberman); Bev Anthony (Senator Kohl); Anne Lewis (Senator Levin); Kim Corthell (Senator Cohen); Eric Whitaker (Senator Rudman); Chris Mellon (Senator Cohen); Michael Hacker (Senator Lugar); Tom Parker (Senator Lieberman); and Thurgood Marshall, Jr. (Senator Kennedy).

OPENING STATEMENT OF SENATOR NUNN

Senator NUNN. The Subcommittee will come to order.

It is with pleasure this morning that we open the second day of our hearings with a most important and distinguished panel of Ambassadors from Colombia, Peru, and Bolivia, the three countries that will play a most important role in developing a successful anti-narcotics strategy. Virtually all of the cocaine that comes into the United States is derived from coca leaf cultivated in these countries.

I believe that this is the first time that the representatives from the three countries have appeared as a group to testify before the United States Senate on this important issue. Their Governments' decision to permit them to appear today indicates not only the importance of this issue, but also a spirit of cooperation and mutual assistance that is a prerequisite for the success of any anti-narcotics strategy.

Like any other nation in the world, we tend to look at the narcotics problem from our own vantage point in this country. We have continually heard from our Government and from U.S. experts on how best to solve the problem of cocaine production in the Andes. This morning, we'll be listening to the voice of the Andean region on how they believe we can best address this problem and what they are doing from their own perspective. So we are going to broaden our horizons of knowledge this morning with the help of the Ambassadors.

Without further ado, I would like now to call to testify His Excellency Victor Mosquera Chaux, Ambassador of Colombia; His Excellency Cesar Atala Nazal, Ambassador of Peru; His Excellency Carlos Delius, Ambassador of Bolivia.

As my staff has already explained to you, this Subcommittee has a long-standing tradition that we swear in all of our witnesses. However, you're here this morning in your capacity as the spokesmen for your Governments, so it's a different situation. This is the first time we have had Ambassadors before our Subcommittee in a group like this. In view of this special set of circumstances, I'm going to ask unanimous consent that for this morning's testimony, including the first panel and the second panel, Rule 6 of the Subcommittee Rules be waived. Is there objection?

[No response.]

Senator NUNN. Without objection, it will be waived for the testimony given this morning.

We also have simultaneous translation that is going to be very helpful to us this morning. The Ambassadors, I believe, will be testifying primarily in English, but we do have, I believe, witnesses on the second panel that will be testifying in Spanish.

Ambassador Mosquera Chaux will be the first witness this morning. We're delighted to have you, Mr. Ambassador, and we'll be pleased to have your testimony.

TESTIMONY OF HIS EXCELLENCY VICTOR MOSQUERA CHAUX, AMBASSADOR OF COLOMBIA

Ambassador MOSQUERA. Chairman Nunn and distinguished Senators in attendance, it is a privilege for me, as Colombian Ambassador to the United Sates, to appear before the Senate Investigations Subcommittee to convey to you the views of the Colombian Government regarding the threat of narcotics trafficking.

In the Andes, coca goes back hundreds of years. Precolombian communities had a religious use for the "Sacred Coca," calling its consumption "mambear" in Colombia, "acullicar" in Bolivia, and "chachar" in Peru. The people were forbidden to participate in either the production or use of coca, as these were activities which were limited to the Inca and the priests. After the irruption of the Spaniards in the region, the chewing of coca became more generalized among the Indian population. However, the cultivation and consumption of the leaf never expanded beyond the needs of the indigenous groups. It was not until the 1960's, the decade of the psychedelic experiences, that Americans traveling and working in the Andean region introduced the processing of coca into paste and cocaine to the local population. I do not mean it to be an accusation against the Peace Corps as an institution, but there have been testimonies indicating that our Indians learned to process cocaine from individuals who had been sent as goodwill envoys to improve the lot of those living in poverty in our countries.

Once the consumption and production of cocaine reached large proportions and the enormous potential for profit was seen, Colombia became the center of distribution due to geographical reasons: It was close to the centers of coca leaf production and, at the same time, it was near the largest market in the world. In addition, the Colombians provided the managerial skills to make the venture phenomenally rewarding.

For a number of years, the consuming countries, particularly the United States, spent most of their efforts pointing fingers at producing countries by blaming them for the increasing damage that drugs brought to their societies. Oblivious to our own suffering and to the exceedingly painful contributions we were making in the struggle against this scourge, the accusing fingers were coupled with a heavy hand that imposed economic penalties and restrictions to commerce, immigration and tourism. It was Mrs. Nancy Reagan who, in October of 1988, first raised her voice to denounce drug consumers. Speaking before the United Nations General Assembly, she said: ". . . let me state at the outset that it is the United States alone which bears responsibility for its own drug problem. I am not blaming other nations for America's drug problem. While most of the illegal drugs are imported, the drug users are home-grown. To find America's drug problem, we have had to look no further than our own communities, our neighbors, our sons and daughters."

Later, she added: ". . . the cocaine cartel does not begin in Medellin. It begins on the streets of New York, Miami, Los Angeles, and every American city where crack is bought and sold. It is the drug user who makes the cartel possible, who provides the market, who funds the enterprise. And the drug user is an accomplice to every criminal act, every murder, every terrorist attack carried out by the narcotics syndicates."

Since August 18th, the date of the assassination of Mr. Luis Carlos Galan, who had been a leading candidate from the liberal party, Colombia has been very much in the forefront of the news. Nevertheless, our plight goes back several years. As early as 1984, Mr. Rodrigo Lara Bonilla, who was then Minister of Justice, was gunned down by the drug mafias, marking the beginning of a long chain of violence in our land. His successor, Mr. Enrique Parejo, current Ambassador to Czechoslovakia, who is also testifying at these hearings, was himself the victim of an assassination attempt when he was Ambassador to Hungary. He escaped miraculously. To this date, over 200 judges and judiciary personnel, more than 2,700 members of the military and police, hundreds of politicians, journalists, Government officials, and community leaders have been murdered by the traffickers. The cost to Colombia, in human and economic terms, has been staggering. Yet our struggle and the suffering of our people have only recently been recognized. Finally, the international community is beginning to realize that the problem of narcotics is a serious one for Colombia and for the world, and that the threat posed by drug gangs is, indeed, close at hand.

On the same evening that the murder of Mr. Galan occurred, President Virgilio Barco spoke to the nation and announced a series of strong measures designed to break up the cartels, take away their economic power, and strengthen the role of the state, particularly of the judiciary, in order to prosecute them for their deeds. Two of the most praised measures have been the reinstatement of the extradition of known traffickers to the United States and the seizure of their property. With these steps, President Barco has not only demonstrated the courage and determination of his Government, but also the willingness and resolve of an entire country to rid itself of the curse of the drug merchants.

August 18th will mark a turning point in Colombian anti-drug history. Since that day, the Government has detained thousands of collaborators of the drug lords, apprehended several individuals who are the subjects of extradition requests, confiscated scores of homes, apartments, ranches, and luxury villas, seized thousands of aircraft and automobiles, and has destroyed large quantities of drugs. The numbers speak for themselves. The anti-narcotics branch of the Colombian National Police alone is capturing over 80 percent of all cocaine seized globally. In the past 8 months, it confiscated more drugs and drug laboratories than in all of 1988. In addition, it destroyed 1 year's supply of cocaine to the U.S. market by eliminating tons of processed cocaine, cocaine base, and precursor chemicals.

Yet the struggle should not be ours alone. The world has to realize that our efforts must not only be understood, but also vigorously supported. Our battle is a battle for the future of mankind, a battle to be waged not with mere words but with quick and effective actions.

The United States has taken the leadership in supporting us in our present situation, and it has done so with firmness and celerity. President Bush must be credited with speaking out against narcotics consumption from the very beginning of his administration and for creating an office at the cabinet level that, for the first time, will coordinate all public efforts to attack the drug problem.

Shortly after the current crisis broke in Colombia, President Bush announced a $65 million emergency package. This was followed by the disclosure of his national drug strategy, which is said to include more than $250 million for 1990 and $2 billion for the next 5 years in military and economic aid to Colombia, Bolivia, and Peru. At this time, it is not known how the funds will be distributed among the three countries. But regardless of how they are apportioned and in spite of the substantial increase vis-a-vis previous allocations, this amount may not go far in the face of our adverse economic conditions.

In the discussions regarding the military aid package, much has been said by the media about the possible deployment of U.S. troops to assist Colombia in its war against the drug barons. We have welcomed the emergency aid, and we are very appreciative of the intentions behind it. Nonetheless, I want to seize this opportunity to categorically state that the Colombian Government has neither requested nor thought of requesting the presence of American, nor of any other foreign troops on our national soil. In the present state of our struggle, it is not a lack of manpower that we are encountering. However, we do require and have requested specific types of weapons of which we are in short supply, including light transport equipment, small radio communications equipment, telephone and radio monitors, scrambling and descrambling devices, personal weapons, and armed helicopters. In addition, the Colombian Government has indicated that it needs the cooperation of the United States and of other industrial nations in the development of longer-term, farther-reaching policy measures designed to remove the threat that drug trafficking poses to our country and to the rest of the world. Allow me to comment briefly on some of those policies.

Our battle is made so much harder when common banditry, insurgent guerrillas and the drug lords—the fiercest enemies of our long-standing institutions—can arm themselves at will with the most sophisticated weapons, which are readily available in the international market. The indiscriminate manufacture and export of assault-type automatic and semi-automatic weapons must be stopped by the respective Governments. In addition, severe penalties must be imposed on those who transgress the laws regulating the arms trade.

The production of cocaine, which makes up the bulk of the drugs now consumed in the world, cannot be undertaken in the absence of precursor chemicals such as ammonia, sulfuric acid, potassium permanganate, ether, and acetone. Although some efforts have been made by the supplier countries to ensure that chemicals are sold to legitimate users, much more remains to be done. Chemicals are still reaching our shores in volumes high enough to guarantee the continued production of narcotics. They pose a dual problem: Not only do they serve to process the deadly drugs, they also become harmful pollutants that destroy our forests, our waters, and our animal life.

Widely quoted sources estimate the value of the sole U.S. drug market at $150 billion a year. If we accept the notion that between 10 and 15 percent of that, or $15 to $23 billion, find a way back to the source countries, is it not then fair to ask what is happening to the other 85 to 90 percent? Where is it going? Who is keeping it? Who is benefiting from it? We request that the United States and other countries that are host to international financial centers tighten the circle of the laws against money-laundering and bring the white-collar accomplices of the traffickers to justice. The countries that have become major drug markets are the sources of the money stream. They have the infrastructure, the resources, and the know-how to trace the funds and establish the legality of their origin. Thus, we ask those nations for a full commitment in identifying and prosecuting the members of the financial and drug distribution cartels that are so well entrenched in their own midst.

The Colombian Government has insisted that its ability to conquer its common enemies depends on the strength of its national economic and political structures. Only by promoting an open and participatory type of democracy, responsive to the economic and social needs of its citizens, will the state have the backing of its people. But in these times of close interrelationship between the economic systems of the world, our efforts to build our inner strength increasingly require the cooperation of the international community. The industrialized countries, particularly the United States—our largest trading partner—can play a major role in assuring that our export goods find fair access to their markets. In so doing, they will give us the opportunity to earn the needed income to tend to our problems. The recent breakdown of the International Coffee Agreement alone, in which the participation of the United States was instrumental, has caused a 40 percent drop in the world price of Colombian coffee, from a high of $1.46 per pound in May to a low of 83 cents per pound in August. This is the lowest it has been in real terms since the Great Depression. For Colombia, this means that a loss of about $500 million will be incurred for every year that prices remain at present levels; that the income of our domestic producers will be reduced by 25 percent; and that for the economy as a whole, there will be a reduction in the overall rate of growth and in the growth of aggregate demand. Considering the high numbers of people who are directly or indirectly associated with the coffee industry, the detrimental effect of the current price crash on the economy is not surprising. Nonetheless, it is a cause of grave concern at a time when our resources are stretched to the maximum because of the drug war. Let me simply point out that for every 1 percent drop in the economic rate of growth, 100,000 jobs will be lost.

The export of fresh-cut flowers to the United States, our largest buyer, was hampered in 1985 by the imposition of a surcharge originating in an anti-dumping statute that had originally been conceived for manufactured not for perishable agricultural goods. Seventy thousand Colombian families derive their incomes from this industry. Their means of livelihood will be seriously affected if further restrictions are placed to obstruct the entry of Colombian flowers into this market. It is our hope that a viable solution that will benefit U.S. and Colombian producers, along with domestic consumers, will soon be found.

Every year, the United States Congress witnesses the introduction of bills that seek to impose special surcharges on imported coal, most of which comes from Colombia. The measure has been defeated so far. But the continuation of the efforts to restrict the entry of our coal into this market hovers as a threatening cloud on the horizon.

The war we have declared against the insidious forces of narco trafficking calls for the cooperation of all nations. Not only do we need support stamping out the drug cartels, but most importantly, the world requires that the demand for drugs be choked off. As long as millions of people in the richest countries are willing to pay premium prices to obtain artificial highs from dangerous substances, all the resolve and the courage of men and women who are prepared to stand up to the scourge will amount to very little. A painful question remains: Shall we continue to erect monuments to martyrdom in vain?

We realize this is an uphill battle. But regardless of the sacrifices that need to be made, we are determined to win it. To even think of the possibility of losing it would mean thinking of giving up our country, along with the hope of our youth and the prospects for a better world.

I want to reiterate my appreciation for having this opportunity to engage in dialogue with the distinguished Senators who make up the Investigations Subcommittee. I now offer my undivided attention for any questions they may wish to pose.

Senator NUNN. Thank you very much, Ambassador Mosquera. We appreciate your statement and your candor in laying out the concerns of your country. We will have questions for you. I believe the best way to proceed this morning is to hear from each of our panelists, their statements, and then we'll come back with questions for each of you and some for the panel.

At this time, Ambassador Atala, if you would like to make your statement, we'd be delighted.

TESTIMONY OF HIS EXCELLENCY CESAR ATALA NAZAL, AMBASSADOR OF PERU

Ambassador ATALA. I wish to thank you, Mr. Chairman, as well as the other distinguished members of the panel for the opportunity of stating and explaining here and now the position and actions taken by the Government of Peru against illegal drug trafficking and production of coca leaf.

While everybody concerned, Governments and responsible citizens alike, both in the drug-consuming and in the producing countries, have come to realize the magnitude and consequences of this dangerous social evil, there does not seem to exist as yet neither the necessary common international strategies designed to fight it effectively nor the much closer international cooperation needed to implement them successfully. To achieve this goal, it seems essential to understand the drug trafficking problem in all its complex social, economic, and historical roots, at the production as well as at the consuming ends.

In that context, we all are greatly indebted to the recently launched Bennett program. It presents a far more balanced view of the weight of demand on the whole equation.

Senator NUNN. By the way, if I could interrupt you on that point, which is very important, we have concluded a bipartisan agreement now that adds another $900 million for health and education above the President's plan. So, there's new money going in, some of it is for law enforcement, but most of it is for health and education. There is a growing recognition in the Congress that we've got to do an awful lot more about demand reduction. So your point is well taken.

Ambassador ATALA. Thank you, Mr. Chairman.

Senator NUNN. Also yours, Mr. Ambassador.

Ambassador ATALA. And as a means of raising the world social consciousness against the drug scourge, the Bennett plan certainly represents an important step in the right direction. In reference to our side of the fight against drug trafficking and drug abuse, we are mainly concerned with and seriously affected by the voids and shortages and misunderstandings surrounding the problem of illegal cultivation of coca leaf. We in Peru have the dubious privilege of being the largest producer of coca leaf in the world. Coca leaf is the raw material for cocaine, a dangerous and harmful drug. We know that. Its illicit traffic and abuse has become a constant threat to the security, health, socioeconomic development, and democratic institutions of our countries. In Peru, narco-trafficking and its deadly offspring, narco-terrorism, have converted that threat into a daily and brutal reality. Ever since the present Government was inaugurated on July 28, 1985, the task of fighting narco-terrorism has the highest priority. Despite other very urgent unresolved problems related to health, education, employment and housing, the Government has allocated disproportionately large amounts of its national budget to secure resources necessary to fight the illegal cultivation of coca leaf in the Peruvian jungle and drug processing and trafficking where it could be detected.

The Peruvian national plan to control and reduce the production of coca leaf and eliminate it, especially in high density areas of cultivation, such as the Upper Huallaga Valley, includes the following objectives:

One, prevention of drug illegal use; two, rehabilitation of drug addicts; three, control and supervision of the authorized use of drugs; four, prevention and repression of illicit drug trafficking; and, five, reduction and/or substitution of coca crops.

Despite the well-known financial crisis affecting my country, the Government of Peru has allocated about 30 million U.S. dollars per year to the implementation of its anti-drug policies in the Upper Huallaga Valley alone. The Peruvian anti-drug police, in many cases with the cooperation of the DEA agents working in Peru, has obtained important but obviously insufficient results through the attack operations against the drug traffickers. From July 1985 through December 1988, those results have been the results which follow: Drugs (kg), 112,464 kg.; coca leaf (kg), 897,751 kg.; clandestine landing strips 183; airplanes 23; armament, automatic and other 252; inputs 275, 255; vehicles 203; radio transmitters 93; engines 108; laboratories 92; mixing pools 941; jailed persons 1,342.

Peru has maintained a permanent cooperation with the U.S. Government to find and develop some alternatives to eradicate illegal cultivation of coca leaf. A team of Peruvian, Colombian and American experts have worked together in aerial spray tests to determine the effectiveness of herbicides to eradicate coca fields and to observe carefully the aftermath. These experimental tests are intended to verify the real ecological impact on the Amazon Basin environment—an environment already affected by the elimination of rain forests, the extinction of certain species of animals and plants, and other factors. The tests would also help measure their negative effects on agricultural soil, if any.

From 1983 to 1989, the eradication measures implemented in the period resulted in the following number of hectares affected:

Year:	*Plantations*
1983	703.25
1984	3,134.42
1985	4,827.83
1986	2,576.13
1987	875.35
1988	5,183.52
1989	1,285.00
Total	18,585.51

The above results which, in the light of the tremendous growth of the drug problem in the world, could well be considered small and insufficient, do reflect nevertheless the great efforts the Government and people of Peru have undertaken to deter, fight, and suppress it. The international scourge of drug trafficking and drug abuse cannot be eliminated simply by committing the determination of one or even all the cocaine-producing countries to do it. The enormous financial resources provided by the demand of the consuming countries easily have and easily will offset whatever efforts and sacrifices are made by our country in this fight, and so the scourge shall keep on corrupting and weakening our society. Our country's determination to fight drug trafficking, and fight to the end, does not rest on moral grounds alone. It is our very existence as a civilized and democratic society that is at stake. Drug traffickers and terrorists, precisely encamped in the heart of the coca leaf producing Upper Huallaga Valley, are ever perfecting and consolidating a truly unholy alliance against the law.

In the subject of military cooperation and assistance, the Peruvian police and the Peruvian armed forces are quite well prepared both in professional quality and in quantity to face the ongoing fight against narco-terrorism without any outside help in personnel. However, due to the present economic situation, the Peruvian Government cannot afford to allocate enough resources to buy modern and sophisticated equipment such as helicopters, light and automatic weapons, communication implements and other material required to fight more effectively the narco-traffickers whose financial power and resources at their command are well known.

Obviously, a very effective way of counteracting the supply of cocaine and of fighting the drug traffickers would be to deprive them of their essential raw materials, the coca leaf. With this objective in mind, the Peruvian and the American Governments have tried to achieve the suppression of the illegal coca leaf, but the results of every measure implemented so far have been, as I said before, unsuccessful or insufficient, at best. If from the strictly technical standpoint it would be feasible to eradicate the coca leaf cultivation through the use of powerful chemicals, such as "Spike," it is undoubtedly clear that such method of eradication would create another set of problems, such as the ecological imbalance, the contamination of rivers in the Amazon Basin, and, devastatingly enough, the social problem resulting from thousands of unemployed agricultural workers, let alone the danger of having the farmers so deprived of their livelihood enhance coca leaf cultivation elsewhere. In the end, chemical eradication might be too costly and too controversial. What then?

Before attempting to answer this question, I would like to make a few comments on the importance of the coca leaf role in the historical makeup of the Peruvian culture. As has been well documented, Mr. Chairman, the chewing of coca leaves during the precolombian times was a privilege enjoyed by the ruling aristocrats. The general population had no access to this practice which was embedded in the religious rites of the Inca empire as practiced by the high priests of that civilization. At most, the coca leaves were used for medical purposes for the benefit of the whole precolombian population. At that time, food was plentiful as highly developed agriculture was the main activity of the Inca empire.

Years after Columbus, the Spanish conquerors, interested almost exclusively in labor intensive mining, perhaps unwittingly destroyed the agricultural production capabilities of the aboriginal population to a point in which the feeding of the mining workers and the rest of the population became quite a problem. It was then—the year was 1659—that King Phillip II issued a "Royal Order" declaring that the custom of chewing coca was essential to the Indian welfare. The Spanish conquerors realized, as well, that the Indians needed the coca leaf to perform their jobs at high altitudes where the labor day was certainly hard and long. Coca leaf was part of the salaries received by the Peruvian workers. On a daily basis, it provided them with vitamins and minerals to help them survive. Coca leaf became a food supplement, and so it is to this date. It was legal to chew coca, and it was part of their religious makeup. In other words, it was an ancestral element, part and parcel of the very cultural identity of most of the aboriginal people of Peru.

On these conditions, Mr. Chairman, it is easy to understand how difficult it is to convince our farm hands that growing coca leaf is an illegal and immoral act, especially when growing coca leaf is, at the same time, and in many, many cases, the only source of income for them and their families.

Now, in reference to my question as to what to do, it is interesting that the Peruvian Foreign Minister, speaking to the United Nations General Assembly last Monday in New York, mentioned, among other bold possibilities, the legal purchase of the annual production of coca leaf that currently is being used by the drug traffickers in their criminal enterprise. This product could then be destroyed outright.

The cost of purchasing the whole annual production of coca leaf in the Upper Huallaga Valley would probably amount to a fraction of what is now being spent in the interdiction and related actions to prevent drug trafficking originated in that area. In fact, the average cost of 1 metric ton of coca leaf—that is, the price received by the producers, calculated as the median between the lowest price of $600 per ton and the highest of $2,000 per ton registered over the last few years—would be $1,300. The current total production of illegal coca leaf amounts to about 180,000 metric tons. The theoretical resulting figure of $234 million per year would probably be considerably lower in light of the down trend of the coca leaf price.

It is difficult to imagine a harder blow to the drug trafficking than the destruction of the raw material indispensible to make its diabolical merchandise available in the U.S. market.

The purchase and the destruction of the production of coca leaf could not and should not be considered a permanent end in itself. It would be nothing but a first step in the consuming world to help eliminate the drug addiction and in the producing countries to start a gradual but firm campaign of crop substitution and social and economic development.

The purchase and destruction of coca leaf would almost certainly have the advantage of turning their producers into law-abiding farmers. Today, they have become, much against their will, a sort of accomplice of the drug traffickers. They have to face the cross fire of the police and the terrorists; they live under the constant inducement of assured, rather good prices from the traffickers; and, on top of it all, they see very little future elsewhere for them and their families. Without the cooperation of the farmers and the general population that depends on the income of those farmers, the job of fighting narco-terrorism becomes immensely more difficult.

It seems, Mr. Chairman, that it would be useful to analyze and evaluate the possibilities of coca leaf purchase and destruction as an effective way to help reduce and eventually eliminate the drug addiction scourge.

Thank you very much.

Senator NUNN. Thank you very much, Ambassador Atala.

Next we have Ambassador Delius. Mr. Ambassador, we are pleased to have you, again, and we welcome your statement.

TESTIMONY OF HIS EXCELLENCY CARLOS DELIUS, AMBASSADOR OF BOLIVIA

Ambassador DELIUS. Mr. Chairman, members of the Subcommittee, I am Carlos Delius, Bolivia's Ambassador to the United States.

I am pleased and honored to have the opportunity to appear before you today along with representatives from Peru and Colombia in order that we may share our individual and collective views of your Government's anti-narcotics policies and activities in the Andean region.

At the outset, let me state for the record that Bolivia is no stranger to this process as my predecessor testified before the Senate Drug Caucus in August 1986, shortly after a joint United States-Bolivia anti-narcotics initiative was begun. Operation Blast Furnace, as it was known, targeted and destroyed cocaine-producing laboratories hidden in remote jungle areas. In many ways, that operation, which was widely credited with suppressing the price and flow of drugs out of Bolivia, signaled the beginning of a new "get tough" approach with narco traffickers in the region. And if my recollection is correct, it marked the first time consuming and producing countries joined forces to attack narco trafficking at its source.

But the struggle continues.

Indeed, we need only scan the morning headlines to realize that the narco traffickers have amassed huge fortunes and assembled and trained armed forces to carry out their campaign of violence and intimidation. The lesson to be learned from the crackdown in Colombia is that the drug cartels will stop at nothing to maintain the status quo. Their utter disrespect for human life and their contemptible disregard for democratic values and institutions is another reminder that the war has only just begun.

Bolivia, for the most part, has escaped the kind and extent of narco terrorism Colombia has experienced. This is not to say, however, that our problems are not as pervasive or severe as those found in other countries. They are. Nonetheless, I am here today to state that Bolivia within the last 3 years has begun to take the appropriate and necessary legal, financial, and programmatic steps to reclaim our country from the narco traffickers. And with the sustained economic assistance of the United States and other democracies throughout the world, we're confident that we will ultimately prevail over the drug cartels.

Allow me briefly to trace the origins of the cocaine trade in Bolivia and its impact on my country and then discuss what my Government has done and the role the U.S. needs to play in this war.

Once considered a plaything for the rich, cocaine and its crack derivative have infiltrated the barrios and suburbs of cities from Washington to La Paz.

Two factors were critical to the development of the cocaine trade in Bolivia. First, as demand increased abroad, peasant farmers who were accustomed to earning a minimal amount from basic food crops turned to planting and cultivating coca—a crop their families had raised for centuries. As the money they earned from selling coca began to surpass by two or three times the amount they received from other crops, farmers turned almost exclusively to coca.

At the same time this was occurring, Bolivia experienced a serious reduction in export income. Markets for tin, natural gas, and timber virtually collapsed, leaving thousands of workers unemployed. Where did these people go to find work? They headed for the jungles and valleys in search of huge profits—much in the same way that the prospectors and wildcatters sought their fortunes in gold and oil in this country during the last century. Thus, the "discovery" of cocaine by a new and affluent generation of users coupled, with a deteriorating economic situation in Bolivia more than anything else helped to produce the explosive situation we are confronting today.

To be sure, Bolivia and its people have paid a heavy price for being among the world's top producers of coca. Narco trafficking has undermined the very foundations of my country's economic, social, and political life. We have been cast as international outlaws and singled out for harsh punitive treatment. And yet we, too, are victims of this deadly plague.

Foremost among our problems is, of course, corruption. But corruption is not unique to Bolivia. Nevertheless, drugs have corrupted Government officials, the police, and army. The amount of dollars floating around is just too great a temptation for people who barely earn enough from their regular paychecks to survive. Not surprisingly, therefore, corruption and payoffs at low levels escalated. The military commanders who seized power from constitutionally elected leaders in the early 1980's began themselves to traffic in narcotics. Because of loopholes in earlier statutes, they operated without fear of prosecution. The 1988 anti-narcotics law has changed all that by eliminating Government officials' immunity. Based on the new law, a former Minister of the Interior was tried and convicted in absentia for drug trafficking, and a former President of Bolivia is presently on trial on charges of masterminding a narcotics ring. Corruption has also manifested itself in other ways. The consumption not just of the leaves but of the dangerous narcotic itself, has begun to corrupt our own youth in Bolivia. Our business and political leaders for years always considered narco trafficking as the problem of the wealthy consuming countries. Drug use was thought of as a byproduct of the deterioration of western society, certainly not a scourge on our own house. Now we are all victims. Bolivia, Colombia, Peru and the other producing countries will never mature and develop if the drug culture captures our youth.

But we are making progress.

In late 1986, the United States and Bolivia signed an agreement to launch a widespread comprehensive drug program. Under the terms of the agreement: One, funds and training were provided to continue the interdiction effort under Bolivian supervision, in order to keep the price down so that farmers would be willing to abandon coca farming; two, a campaign was begun to get farmers to destroy the coca plants in return for a one-time cash payment and technical assistance in substituting other crops; three, last year we passed the first law in Bolivian history outlawing the production of coca outside the well-defined traditional growing areas. Other provisions stiffened the penalties for trafficking. Since the law was passed, several international drug traffickers have been captured and jailed, including Roberto Suarez, one of the kingpins of the South American drug trade.

Despite these positive results, the patriotism of our leaders is continuously questioned and our national sovereignty put at issue. The U.S. carrot of development assistance and economic support also carries with it a stick, the threat to impose sanctions and cut off the very assistance that a poor country must have in order to compete against the drug cartels. Some American politicians and legislators find it popular to put the blame on the producing countries as if overnight we could simply pull out all the coca bushes and shut down the trade.

But that strategy is misguided. It is not the peasant farmers who are the problem. It is those persons who run the laboratories and engage in the actual trafficking of these drugs.

Operation Blast Furnace correctly targeted the laboratories as the source of the problem. As these clandestine facilities were destroyed, the price of coca leaves dropped below replacement costs. In other words, during the height of the operation, it became more costly for farmers to cultivate coca than other crops.

Remember, too, that these farmers are poorly educated and have little income. But they are extremely well organized in strong unions. Their leaders are indoctrinated in Marxist ideology and could become openly hostile to our democratic Government. As a result, sanctions are used as an excuse by anti-Government trade unions to inflame and mobilize the farmers. Quite frankly, we are writing a prescription for disaster and potentially creating thousands of new recruits for terrorist organizations if we continue to pressure the growers but ignore others higher up the drug chain.

Similarly, Bolivia has come under heavy criticism for refusing to submit to aerial spraying. Some would have us ignore statutory prohibitions and potential environmental dangers for the sake of eradication.

Mr. Chairman, with all due respect, Bolivia will not be bludgeoned into taking actions that would inflict unknown and unquantified risks on our citizens and likewise create serious political consequences for the Government. What is the point of such action if all we accomplish is to give our political enemies additional leverage and turn our fertile lands into wastelands? Even if spraying is found to be safe and effective, we cannot risk the danger of alienating 300,000 peasant farmers who, with little provocation, could become a potential guerrilla force. Spraying will only work if it is coupled with economic assistance and a viable crop substitution program.

Such differences are not inconsequential inasmuch as the U.S. carrot and stick requires the administration to certify that a country is fully cooperating with the U.S. anti-narcotic efforts or face a cut-off of funds. Surely we are cooperating and doing our best to curb the production and supply, but fully cooperating is a term that allows our opponents in Congress to intimidate us, provoking in many instances resentments in the country and frustrations that are shared by many who are making great efforts to jointly combat this drug scourge. In the instant case, if we decline to spray, we could be deemed as "uncooperative." Such threats are not helpful to constructing a bilateral approach to the drug problem.

The Bush administration earlier this month launched a new offensive against drug users and traffickers. We applaud and congratulate President Bush for his initiative. However, we submit that the war is not strictly a military one. Make no mistake, we must have the weapons and equipment to interdict traffickers and apprehend drug lords. However, guns alone will not do the job entirely. We must also attack the problem from the standpoint of economics. Given the choice of producing potatoes or corn, a farmer will grow the crop that brings in the most cash. Such is the case with coca. Farmers are growing coca because there is presently no better or more profitable cash crop. We must simply take the profit out of growing coca.

Coming from a large agricultural state, Mr. Chairman, I'm sure you can appreciate a farmer's dilemma. It's not that the Bolivian farmers are hooked on growing coca. They are not. They will produce whatever sells. If the market suddenly disappeared for Georgia's Vidalia onions or its peaches, I daresay that farmers would rush to plant something else. So it is with Bolivian farmers. Destroy the market and show them that there is an alternative to coca, and they will follow. That is why it was such a disappointment to learn that the U.S. Office of Management and Budget cut $100 million in proposed economic aid to Bolivia under the mistaken belief that the war on drugs is merely a matter of supplying more guns and helicopters. That is only part of the solution. Countries such as Bolivia must also receive substantial development assistance. It is foolish to expect that any Government would win this war if its only mission is to rip up bushes. We are caught between the proverbial rock and a hard place. On the one hand, the United States conditions its aid on meeting eradication targets. On the other, coca farmers expect and demand more than mere promises. Regrettably, there have been numerous instances over the past few years where aid was denied or delayed to areas in Bolivia because specific numerical targets or quotas were not precisely met. When will we learn that poor people cannot and should not have to wait for a majority of their neighbors to comply with the program before their villages receive aid, which is one of the conditions being presently imposed? Credibility is as important as cash compensation, and, frankly, we are running low on both commodities.

If the President's plan is to succeed, I would respectfully recommend the following:

Emphasize long-term economic development assistance;

Develop and implement 5- and 10-year plans for economic and military assistance for Andean countries. Bolivia, for example, needs $500 million over the next 5 years to meet its balance of payments requirements;

Convene international summit of major drug consuming and producing countries;

Improve and expand crop substitution programs;

Review and streamline U.S. aid conditions regarding development assistance to local areas;

Increase coordination between host country and DEA.

One other point. Much has been said in recent days about the role of the U.S. military in the war on drugs. Some have suggested that U.S. special forces supplant DEA agents in the field. Others have recommended that a UN-like multinational force be deployed in countries to assist local police and military forces.

Let me be clear on this issue. Bolivia needs and wants all forms of U.S. help. We believe, however, that economic assistance will, as I mentioned earlier, in the long run have a more significant impact than military aid.

Operation Blast Furnace was a joint United States-Bolivian mission. The United States provided the muscle, but the Bolivians directed the raids, made the arrests, and destroyed the laboratories. Accordingly, we would not endorse any military plan that has the appearance of abdicating to any foreign Government our responsibility or authority to enforce our laws, interdict narco traffickers, or eradicate crops. Nevertheless, the Government of Bolivia is willing and prepared to work in a coordinated way with the United States in order to bring down the drug cartels.

Mr. Chairman, it is not my intention or desire to sound ungrateful for the support we have received or to attempt to extract unlimited amounts of unconditional U.S. aid to help Bolivia combat the drug cartels.

I merely wish to restate what I think is obvious: The Government of Bolivia heartily endorses and supports the elimination of the drug scourge that poisons our two nations. We are not in conflict with U.S. policy aims and objectives. But to succeed, we must stop trying to figure out who is to blame, and therefore punish by means of sanctions and withholding of vital aid, and instead focus on destroying the drug cartels through a combination of economic and military assistance.

To my knowledge, there is not a single instance in the last few years where Bolivia has demonstrated any lessening of its will or courage to execute our anti-narcotics program. Yes, we have had setbacks and delays, but we have never shirked from our commitment to purge our country of this deadly drug menace. You must understand that we are not doing this to placate the United States. We are doing it because it is right for the world and it is right for the youth and the political system of our country. But we will not succeed, Mr. Chairman, until the appetite to sniff, smoke, or inject harmful drugs has been squelched. We can claim victory in this war only when potential drug users learn that it is too dangerous to consume them, either because they come to realize they are killing themselves, or because of the penalties and fines imposed. Individuals must decide to reject narcotics as a means of relieving anxieties and having fun and learn to deal with the complexities of daily life in a modern society without dependence on drugs.

Massive educational campaigns in schools, churches, the workplace, and in the family, in all of our countries, is the only way to really curb the growth of this plague. That effort, accompanied by a comprehensive plan for treatment of those already addicted, is the one sure path out of this jungle.

Bolivia will make whatever sacrifices we can, but I am here to plead for understanding, recognition and cooperation, not just to save my country but to save every child who may some day be attracted to using narcotics in their daily lives.

Thank you.

Senator Nunn. Thank you, Mr. Ambassador. We appreciate all of your statements, and I believe I heard some common themes going through those statements as I listened. I believe the one theme that I heard from all three ambassadors was that this whole anti-drug strategy has to fit into a broader strategy of economic development as well as anti-drug efforts.

Is that a correct interpretation of what all of you are saying? Let me start, Mr. Ambassador, with you.

Ambassador Atala. Definitely, Mr. Chairman. I think this is a very apt interpretation of our points of view.

Senator Nunn. In other words, without an economic strategy, you are really not going to be able to make a lot of progress in your own country on drugs.

Ambassador Atala. Definitely not, Mr. Chairman. The problem, especially in my country, is economic, and as you all know, it is complicated by the participation of the subversion, the subversion movement so called Shining Path which has complicated enormously the fight against drugs. They provide a protection to the narco-traffickers and narco-traffickers provide financial funding for the subversion.

So, we have in actual fact a sort of subversive war helped by narco-trafficking in my country. Without economic assistance which goes to the root of the problem, sir, it will take too many years and too much of our efforts and sacrifices to start showing results.

Senator Nunn. Mr. Ambassador, a couple of interesting points that you had in your statement that I wanted to ask you about. You cite the cultural and historical use of coca leaf and the fact that it has been used in your country as a supplement to the diet, it has been used even in religious ceremonies and so forth, and that is still the case today.

How much damage is done to your people by using the coca leaf? We in this country use that leaf to, of course, derive the product of cocaine, which we find very harmful, but what about the chewing of the coca leaf itself, is that damaging to health?

Ambassador Atala. I would very much appreciate that in no way whatever what I said is some sort of an apology for the use of coca. Coca leaf chewing is not beneficial to the human organism. There were lots of studies made in my country, especially in the decade of the 1940's, in which it was clearly established that the continuous use of coca leaf mastication, or chewing, really deteriorated the mental capacities of the user. The counterpart to this, unfortunately, in the short term is that coca leaf provides, at the same time, vitamins and minerals and it is a food supplement for the inhabitants of the Andes.

If we could feed them, it would be very easy to eradicate the habit. And let me give you as proof, as some sort of proof, what happens when the Indians go to the army and spend their 2 or 3 years in military service. When they start eating beans and rice, which is the material that they are mostly fed in the army, they stop chewing completely. There is no addiction in that sense, it is mostly the need of the nutrition that keeps them in the habit.

Senator NUNN. Have you asked for food aid from the United States, direct food aid, or are you getting substantial food aid from the United States?

Ambassador ATALA. We are getting some, but I would not call it substantial, sir.

Senator NUNN. How much would it take in terms of food aid in order to help both get your own people off of the coca leaf and then help them to quit growing it?

Ambassador ATALA. Mr. Chairman, I don't think that the aid in food, however generous—and this country has always been very generous—would solve the problem. What we need to do is to develop our own country. Social and economic development is the answer. I don't think that the aid in food for a time, even if it would be for all the time, would help the problem.

Senator NUNN. So you have got to develop your own resources.

Ambassador ATALA. Absolutely, yes!

Senator NUNN. Well, when we try to get down to what steps we take in this country to help you, you mentioned, and Ambassador Delius mentioned also, the question of crop substitution. And I assume that that would take some form of aid.

Let me ask two questions. What kind of crops would be substituted? You said we could eradicate if we had crop substitution. What kind of crops should be grown and what kind of aid would be necessary to do that?

Ambassador ATALA. The Upper Huallaga Valley where most of the coca leaf comes from today seems to be apt for the cultivation of rice, coffee, beans, corn, flowers and many other types of crops that could be commercialized advantageously for the region.

But you have first to have a market and you have to have roads and transportation systems. Today you have regions near the Huallaga Valley in which the production of rice, for instance, is rotten because there is lack of transportation means, roads, economical type of roads to transport rice to the consumer centers. So, this problem is a problem of overall development, economic and social, in order to lift the living standard of the farmers.

But at the same time, as you have noticed, I have suggested the possibility of studying the possibility of buying the coca leaf and destroying it as a first step to bring the farmers to the side of the law in a longer process which would be intended to reach crop substitution, new sources of employment and, in general, economic and social development as a whole.

Senator NUNN. We did some of that crop substitution and assistance back in the 1960's, I believe, with Turkey on poppies. If you undertake a program like that, how do you prevent the economics from simply encouraging the farmers to grow the illegal coca elsewhere?

Ambassador ATALA. I am absolutely convinced, Mr. Chairman, that the farmers, including the poorest and the most ignorant of them all, wish and dream to be on the side of the law. If there could be an alternative source of income for them and for their families, they would not be as they are now, unwilling accomplices of the narco-traffickers. I am absolutely convinced of that.

Senator NUNN. Ambassador Delius, let me ask the same question of you. You mentioned your country would not want to do any spraying, would not want to do extensive spraying to destroy crops unless there was an eradication program that also was coupled with economic assistance and crop substitution.

Could you go into a little more detail there. What kind of economic assistance and what kind of crops?

Ambassador DELIUS. The coca being cultivated, and mainly the illegal coca being cultivated, in the subtropical regions of the Chapare Valley in Cochabamba has several alternative crops for substitution, among them coffee, cocoa, and in later testimony our Under Secretary will go into more detail about the programs that have been implemented and the tests that have been made.

But the problem really is to provide a means of livelihood to many of these farmers who started cultivating coca after the year 1985 when Bolivia's inflation rate reached the unprecedented level of 24,500 percent in 5 months, and the government had to take very harsh economic measures to implement a new economic policy, which has been very much praised, but one of the consequences was that the unemployment rate jumped to 20 percent and consequently, having no other means to sustain themselves, many of these farmers who are former mine workers who had to be laid off during the economic adjustment programs went to cultivating coca.

It is also possible not only to cultivate substitute crops in these areas, but also to relocate the peasants in other areas away from the coca producing region, by implementing different development programs. Since Bolivia is a country that has the combined surface area of Texas and California and yet only 6 and a half million inhabitants, land is no problem.

So looking for alternate crops, and even alternate areas to cultivate different crops, would not signify any problem in that respect.

Senator NUNN. You are saying that you think that would be effective?

Ambassador DELIUS. I am firmly convinced that it would be effective, because the farmers would quit coca cultivation, even if the crops they can cultivate would not be as profitable as coca. And at this point I would like to give two figures that really reflect the magnitude of the problem. The average per capita income for the whole country is below $600 per year. The average per capita income of a farmer is $360 per year with normal crops, and it goes up to $750 a year for coca cultivation.

So it is not really where the profit is. As a matter of fact, the production of coca leaves only amounts to $1,000 per kilo of cocaine equivalent at farm gate value, which later sells on the streets for up to $240,000 per kilo according to some sources.

Senator **Nunn**. How many farmers are there? I am trying to multiply here now. How many farmers are there, the difference between producing normal crops on average and coca is about $400 per year. How many farmers are we talking about?

Ambassador **Delius**. The estimates run to 300,000 farmers dedicated to the cultivation of coca.

Senator **Nunn**. Ambassador Mosquera, could you tell us a little bit about the economics in Colombia and how important, for instance, your economic situation is—problems like the coffee agreement and so forth. How important is the relationship between economics and narcotics manufacturing?

Ambassador **Mosquera** [interpreted from Spanish]. I would like to answer in Spanish because my English is still a little deficient.

Yes, indeed, the coca problem in Colombia does not have the same economic meaning that it may have, in Peru, in Bolivia or in other countries. For us, really, coca production does not—it is not an essential factor or element of our economy. We, unfortunately, have the Medellin cartel, which is a crime organization, a criminal organization, which produces cocaine with raw materials coming from other countries—Colombia is a country which has had an economic strength which has been damaged—but all countries in the world?

For example, we haven't had the same problem as the other Latin American countries have faced, specifically regarding the servicing of our foreign debt. We have been diversifying our economy. We have significantly increased our exports. Among these export products the export of coffee is a significant factor. Coffee exports still mean for Colombia 38 percent of its income, and foreign trade. And therefore, a drop in the price of coffee as we have seen, after the collapse of the extension of the International Coffee Agreement, which had been operating normally for 27 years, a very serious drop of coffee prices mean for Colombia a serious negative effect on its economy.

In monetary terms, or to express the loss this means for Colombia, the collapse of the International Coffee Agreement we say if the prices remain at the current level, we could lose close to $500 million per year. So the question posed by Colombians is the following: Why did the United States not accept an extension of the International Coffee Agreement, which means for Colombia a loss of $500 million per year, and the United States meanwhile is offering us an assistance package of $65 million to fight the Medellin cartel.

So naturally we believe that the assistance given to us to struggle against drug traffickers is important for our economy, but we believe that if we manage to strengthen our economy, if unnecessary and unacceptable restrictions to our exports markets are lifted, especially by the United States, we feel that we could maintain a standard of living which would be significantly greater for the poor of Colombia, we could maintain a standard of living which would make the Colombian people feel that they don't need to grow coca in order to survive, but rather that they can survive thanks to the export of other products such as coffee, flowers, coal and oil, as well as our manufactured products, leather and garment products and other export products that Colombia at the present time sells to other countries, the production of which could be increased to the extent that these markets remain open and expand.

Senator NUNN. Thank you. Let me ask each of you the same question. Have you made your views known to the Executive Branch in terms of these economic considerations that directly affect and indeed, based on your testimony, will determine the outcome of your efforts against drugs in your country? Have you had extensive or satisfactory conversations with our Executive Branch? Mr. Atala?

Ambassador ATALA. The answer is yes. All along this year we have been having discussions at appropriate levels with the Executive Branch of the United States, especially since the problem of the external debt has put my country in an extremely difficult financial situation.

So I could very well say that the Government, the Executive Branch of the United States, is absolutely familiar with the circumstances and conditions in which Peru has to fight the drug problem. Let me tell you, Mr. Chairman by coincidence, the President of Peru has written an article published this last Monday in the prestigious Peruvian magazine Caretos titled "Speaking Frankly," and a subtitle which says "Economic Development is more effective than repression against drugs."

And I am going to send this article to you, duly translated, because it contains extremely valuable information.[1]

Senator NUNN. Thank you very much. Without objection it will be part of the record.

Ambassador Delius, have you made your views fully known to the Executive Branch on the economic matters?

Ambassador DELIUS. Yes, our views have been presented fully and clearly, joint programs exist and are under study, and we are experimenting with different crop substitution programs. Actually the observation that we could make is that those programs have not been extensive enough and that bureaucratic problems on both sides of our Governments sometimes delay these programs that we feel could be implemented sooner. And the statement that the Subsecretary from the Ministry of Agriculture, who will testify later, summarizes these experiences and efforts that have been made so far.

Senator NUNN. Ambassador Mosquera, have you talked to the Executive Branch about the connection between, say, the coffee agreement and the drug problem?

Ambassador MOSQUERA. A year and 10 months ago, approximately, for this year and 10 months I have been Colombian Ambassador to the White House. I was not a diplomat before but a politician with 30 years in the Congress of Colombia. Occasionally I held some administrative or diplomatic posts and functions.

I think it was a day after I presented credentials, or really the very same day, in the speech that I gave to President Reagan I presented Colombia's points of view on the problem of drug trafficking. Since then, I have discussed these points of view with high officials of the Department of State, and I have also discussed our economic situation with the Department of Commerce and with the USTR.

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[1] See Exhibit 10 on p. 275.

Therefore, our situation is well known by the Executive and it is also well known by the Congress. We, through officials of the embassy, have been present at all the hearings that have been held in Congress on the subject of the drug trafficking. We have brought documents to Congress, to the attention of the Congressmen that have been studying this problem.

So therefore, our position is well known, but specifically in the case of coffee, I would like to tell you that before the denial of the approval of the International Agreement on Coffee occurred in London, I wrote a note to the Department of State describing the political and economic risks that Colombia would undergo if the pact was not extended, if the life of the agreement was not extended.

I have not received a response to that note. As you know, Mr. Chairman, President Barco addressed President Bush in a letter where he explained the serious difficulties that Colombia could encounter if the coffee agreement was not extended, asking the United States to review its position now that a new opportunity for a meeting has occurred. In this month in the coming days at this meeting in London the discussion could reopen.

Senator NUNN. Thank you all. We have a big Government and I find that many times parts of our Government are not in direct communication with other parts. The Congress last year set up the drug czar because we had in our whole drug situation such a diffused approach, many agencies not working together. The drug czar's job was to coordinate the whole thing.

But it is apparent to me now that we have a drug policy that is not coordinated with our economic policy. Director Bennett testified on the coffee agreement that he was never consulted by the economic decision-makers. I don't know whether it was the State Department or the Agriculture Department.

So here we are in the middle of a drug war, and you have terrific economic problems and I am sure we have people working in good faith on these economic problems, but there is no connection between the two. Many people felt the drug czar should have been part of the Cabinet because at the Cabinet level, theoretically—and this is not always true in application—you talk about the whole array of issues. But to me it is apparent that we have an economic policy vis-a-vis your countries that is not coordinated with the drug policy.

Do any of you want to comment on my observation? Do you agree or disagree? Do you perceive that our economic policy towards your countries is coordinated with our drug policy.

Ambassador Atala.

Ambassador ATALA. Definitely not, Mr. Chairman, and this is something that we would appreciate, we would be very grateful if there were more coordination, not only between the different branches of the Government of the United States, but, between the U.S. Government and our Government. DEA, the agency which is the instrument that is employed by the U.S. Government to coordinate the drug policy with my Government has absolutely nothing to do with the economic problem.

And whenever we talk about it, naturally they don't even want to start talking about it. And they are right in certain ways. Therefore, the coordination is essential not only internally in the United States but also between the United States and my Government.

Senator NUNN. Ambassador Delius.

Ambassador DELIUS. Definitely. I agree that one of the biggest problems in this drug war is the lack of coordination between the different institutions involved and the lack of communications among them. We are not exempt from that criticism, the same thing happens internally within our own Government, and I want to make that clear that I am a firm believer that the essential point is to get everybody together understanding each other's problems before we can try to solve them.

Senator NUNN. Thank you. Ambassador Mosquera, what I would like is your comment on my observation that it appears to me our economic policy and our drug policy is not coordinated.

Ambassador MOSQUERA. We completely agree with what the ambassadors said, and I would add something else. A few months ago President Barco of Colombia suggested to President Bush of the United States a summit conference of the presidents of the Latin American countries that are most closely affected by the drug issue. President Bush accepted that idea in principle. Tomorrow President Barco will come here. He will have an interview with President Bush, and I hope that given the dramatic circumstances that have occurred in Colombia lately, that that idea will be revived and mark the beginning of an effective coordination between the different governments for an effective combat of the drugs.

Senator NUNN. I agree with that suggestion and I hope that progress is made. I think an economic summit would be very, very helpful. In fact, if you are going to coordinate the economic policy and the drug policy, it is absolutely necessary. Senator Roth?

OPENING STATEMENT OF SENATOR ROTH

Senator ROTH. Thank you, Mr. Chairman.

I look forward to the continuation of these hearings in anti-narcotics activities in the Andean Region. The hearings have thus far been helpful in providing the Subcommittee with information about the difficulties that each country in the region faces in dealing with the threat of the international drug cartels. The necessity for a carefully coordinated regional strategy in combatting the common enemy is also apparent.

A successful regional strategy cannot be developed, of course, by the United States alone. We need to work together with Colombia, Bolivia, and Peru as well as the other countries in the region. It is also my strong belief that we need the support and assistance of the other drug consuming countries, particularly those in the European Community. They are faced with the same threat we are, the threat of an imminent invasion of cocaine, and we need to all support efforts to combat this threat.

Because the United States cannot go it alone, I am pleased that representatives of the Andean nations are testifying here today. We need to hear from them. We need their cooperation and their assistance in this critical fight.

Let me carry on with a question or two in this area of cooperation.

Currently is there any effort to coordinate the war against drugs between your three countries at either the intelligence level or strategic level? In other words, are your intelligence agents in communication with each other and sharing basic information as to the drug cartel?

What kind of cooperation is there between Colombia, Peru, Bolivia and the United States basic intelligence? Ambassador Atala.

Ambassador ATALA. Yes, Senator Roth. As I understand it, the cooperation between the United States authorities and the Peruvian authorities in the field of intelligence is quite close. I understand that our main chief of police, General Zarate, has come to this country on several occasions and has maintained continuous and close cooperation with the authorities of the United States in Washington, and most of all, through the American Embassy in Lima. I think that in that respect there is no problem to speak of.

Senator ROTH. How about the flow of information between your country and Colombia and Bolivia?

Ambassador ATALA. I am terribly sorry not to be able to answer that question, Senator Roth. I don't know if there is any flow of information between our countries, I am not so familiar with that.

Senator ROTH. Would either of the other gentlemen care to reply? Isn't it critically important that intelligence be shared not only between your country and the United States, but between your country and the other countries impacted in Latin America. Particularly among Colombia, Peru, and Bolivia, shouldn't there be direct avenues of communication, both with respect to intelligence and strategy?

Ambassador ATALA. Excuse me, Senator Roth, if I may add a comment. When I say that I am not familiar with the details, that does not mean that there is no cooperation, especially with Bolivia and Colombia. The President of Peru has met with President Barco about 2 weeks ago as part and parcel of the need to cooperate still more closely in the way of fighting narcoterrorism.

I meant to say that I don't know the details of the organization, or the type of flow of information that comes from one country to the other. There is, of course, cooperation.

Senator ROTH. Ambassador Delius.

Ambassador DELIUS. There exists intelligence sharing and coordinated efforts, moreso between Bolivia and Peru, since we are neighboring countries and have a common border, more than with Colombia. And a general coordination exists through the DEA that operates in all three countries, but I am also convinced that a more direct action and coordination between the three countries would be very helpful and actually necessary to coordinate these great efforts being made now.

Senator ROTH. Let me ask you this question, to what extent do the Colombian cartels dominate drug trafficking activities in Peru and Bolivia?

We had some testimony a couple of weeks ago that, in Bolivia, there is now an effort being made to develop a local Bolivian cartel that not only grows the coca leaves but processes them into finished cocaine and distributes to the United States.

Are we talking about separate groups here? In Bolivia, and Peru, are their drug activities pretty independent of Colombia, or are they part of the larger group? How would you characterize that?

Ambassador ATALA. In the case of Peru I think it is very well known that the Medellin cartel and other traffickers are the buyers of the raw material, the coca leaf, which is partially processed in Peru, that is, the conversion of the coca leaves into what they call coca paste, which is taken to laboratories in Colombia for conversion into pure cocaine.

In Peru, the production of coca leaf and the first stage of the processing seems to take place, all of it bought and therefore controlled by the buyers of the so-called Medellin cartel. But in Peru, there is not an independent—if that is the key of your question—an independent operation of producing cocaine and sending it outside of the country. That does not exist in a meaningful preparation.

Senator ROTH. Now, there has been a lot of talk that to win this drug war we have got to dismantle the cartel organization. Are you able in Peru—and I would ask the other gentlemen the same question—are you able to identify the key figures in your countries who are primarily responsible for the drug operations?

Ambassador ATALA. If we could have been able to identify the key figures in my country, they would be in jail. We know that there are some figures—especially in Colombia, all are very well known names—which seem to be the chieftains of this criminal organization. But in my country we have only to contend with the farmers who produce the coca and the intermediaries who sell this product for the primary processing. Economically and financially speaking, this is only a very small part of the whole process involved. The value added of the cocaine is probably 50 times or even more times as high as what is gotten in Peru from the sale of coca leaf and the initial processing into paste.

So there is not in Peru, that I know of, anyone that could be called one of these kingpins, drug trafficking there.

Senator ROTH. I would ask the same question of you, Ambassador Delius.

Ambassador DELIUS. In the case of Bolivia, the problem is very similar. Mainly, the peasants produce the coca leaves which are then converted by intermediaries into the paste which is the actual export product which is bought by the Colombian cartels. We don't have the existence of a cartel as such, and it is a very competitive industry. Evidently, there have been some isolated cases of people with entrepreneurial spirit that tried to produce and export the crystallized cocaine directly.

But principally, the main product is the coca leaves, which according to different estimates represent about one-third of the total world production of coca leaves, and they are exported in the form of paste.

Senator ROTH. Well, we had some testimony a couple of weeks ago indicating that there was a serious effort being made in Bolivia to develop a drug industry independent of Colombia, that it was moving beyond preliminary stages since the profits were too great to let them all be diverted to another country. But you don't think that such groups have become a significant factor yet?

Ambassador **Delius**. I wouldn't say that, but it is of great concern to us, because evidently about 3 years back and over the past 3 years, several important processing laboratories have been discovered and destroyed. But as a rule, this is not the problem at this time. But like you mentioned, it evidently is one of the greater potential problems that exist, especially with the actions being taken against the cartels in Colombia. People might try to use this opportunity to really introduce themselves into the market.

Senator **Roth**. Let me ask each one of you this question. Yesterday we had a proposal for a multinational military or police force to fight the drug cartels.

Would your countries agree to participate in such a force and allow it to deploy in your countries? Ambassador Mosquera, would you care to comment first?

Ambassador **Mosquera**. The Government of Colombia has maintained that to combat the problem of the drug cartel, or the drug cartels, that exists in Colombia, the Medellin cartel and the Cali cartel, we do not need the assistance of troops, understanding by troops we mean not only armed forces but police forces.

What we need is a different kind of assistance. Weapons, we do need weapons, but we do not need soldiers. Amongst other reasons, I personally believe that in this combat multi-national troops could not be very effective. Troops that are not used to fighting in Colombia, that don't known the territory and the terrain, that do not know our mountains, our jungles, that are not used to our climate, to the inclement weather or changes of nature, I do not think—in my judgment, I do not think that they would be successful in this fight. With our own people, with our own troops well-equipped, I think that we in Colombia at least can continue to wage this battle with many possibilities of success.

Senator **Roth**. Ambassador Delius?

Ambassador **Delius**. We consider that at this time in Bolivia—and that was proven with a strategy after Operation Blast Furnace—and I will read here part of a report, "InterAmerican Dialogue, a Consensus for Action," which says the following: "It is vital to understand the significance of the enormous price differentials, even an extraordinarily successful erádication campaign that destroyed enough coca leaf to double or triple its price and have virtually no effect on cocaine prices in the United States. Similarly, destroying processing laboratories instead of crops, an approach used in Bolivia in 1986, is ineffective because the facilities are crude, cheap and easily replaced. Indeed, the street price of cocaine is so high relative to production and distribution costs that traffickers can sacrifice one boat load or plane load or two and still reap huge profits."

For that reason we consider that it is necessary to maintain and maybe step-up all interdiction efforts to keep the prices of the primary raw material, the leaves, low enough to entice the farmers to join the crop substitution programs.

At this time, fortunately, we don't have any violence related with guerrilla or drug activity in Bolivia, and probably deploying troops would actually be the excuse and could originate some of the violence that already exists in Peru and Colombia. And I think since the situations of the three countries are different, really the problem has to be analyzed from a different point of view in each case.

Senator ROTH. In other words, you think the introduction of multinational troops could cause violence in your country, could be a source of violence, is that what you are saying?

Ambassador DELIUS. Not the source of violence, but could be used as an excuse to promote violence, which at this time does not exist. Because the question asked is use troops; against whom? The peasants? Because they are the primary source of the problem in Bolivia since they are the ones growing the raw material.

Senator ROTH. Ambassador Atala.

Ambassador ATALA. My answer is the same as the one expressed by the Ambassador of Bolivia, and especially the same as what the Ambassador of Colombia said. In the case of Peru, the matter is still far more delicate. As you very well know, we have the Shining Path armed movement which is allied in a wedding of convenience with the traffickers against the Government. And it would complicate matters tremendously if we had foreign troops on our soil. The Peruvian Government has expressed very clearly its opposition to any such idea, be it a multilateral force or from any particular foreign country.

What we would hope to see is a multilateral effort to fight the drug trafficking, incorporating into it Europe, Japan, Canada, and other countries, as I think this is a problem that affects the whole of humanity, not only the United States and the three Andean countries—I think that a multilateral action would be quite welcome. These other countries could contribute to the fight against this scourge which is threatening the whole world.

Senator ROTH. Well, I think we are all very sympathetic to the idea, as the Chairman said, of an international conference. I think that in the interest of promoting cooperation that would be highly desirable.

I have one last area of questioning, Mr. Chairman, which goes over somewhat an area that you raised.

I believe it was you, Mr. Atala, who said, "Obviously a very effective way of counteracting the supply of cocaine and fighting the drug traffickers would be to deprive them of their essential raw material, coca leaf."

And then later on you go on and suggest that the cost of purchasing that would on an average cost, for each metric ton, U.S. $1,300, so that the theoretical resulting figure would be something like $234 million per year.

It is an interesting idea. I guess my question is, is it really practical? First, if the drug cartel has competition in buying this coca leaf, won't they just up the price? I mean, aren't they able to pay a lot more and still make a profit with this extraordinarily profitable illicit operation.

Ambassador ATALA. I don't think so, Senator Roth, based upon the conviction that the farmers in this Huallaga Valley are really tremendously interested in having tranquillity and some peace of mind. They are the victims of the present situation, as I said elsewhere in this statement. The farmers, the farm hands, the producers of coca leaves, are the victims of the crossfire of the terrorists, of the police, and who are under the constant pressure of the traffickers. My feeling is they would very much like to escape that and be on the side of the law.

If somebody could legally buy this coca from them, paying them approximately the same prices that they are getting today, I am absolutely sure that the fight against drug trafficking would have a tremendously valuable ally. They could be on the side of the law hating as much as they do the dire necessity of having to deal with the traffickers. They have become unwitting accomplices of the traffickers because they need to make a living, they need to survive. They have to support their families.

Senator ROTH. Well, of course, you do talk in your testimony about a gradual but firm campaign of crop substitution——

Ambassador ATALA. Exactly.

Senator ROTH [continuing]. And social and economic development. How many years do you think it would take to have such a successful program? How many years would we have to outright buy before they could convert to other products?

Ambassador ATALA. I think, Senator Roth, it would be useful to divide that timeframe into two segments. The first segment, which I think would be of about 5 years, would be most effective in fighting the drug trafficking. That is by burning, buying and burning the coca leaf coming from the Andean countries.

You would suppress, I said, 70 percent of the cocaine made with coca leaf from the Huallaga Valley that is being consumed in the United States according to information published in Washington. If in one year, in the first year, you could have this effect, I am convinced that the impact would be really extraordinary on the consuming markets. In the producing side this would be the first step to have the population, the agricultural population, on the side of the law. The farmers would be told that this had to be done on a transitory basis to help them in the future with all means possible to substitute coca crop and have afterwards the guarantee of an income through the cultivation of crops not related to coca.

So in about 5 years I think we could see the first effects, beneficial effects, on the drug fight.

Now, on the development of the country, obviously it would take a little longer. It would take at least 10 years to have a clearer view of the benefits of development.

We have had in the past some experience in implementation of socio-economic plans through the Alliance for Progress and through the financing of related projects by the Inter-American Development Bank, the World Bank, et cetera. But during the last few years we suffer from the tragic coincidence of the drug traffic flourishing and the penury of the financial and fiscal situation of our countries.

As you very well know, for reasons we are not going to discuss here, we are undergoing the most severe financial crisis in our history. It is no coincidence, however, that our financial problems provide the criminal trafficking extraordinary good ground to progress and flourish.

So, by the way of making a comment, I might add that this whole situation is something that could be turned to the advantage of the aiding countries, such as the United States. The reactivation of our economies—and this would be part of it—would be absolutely necessary to have a much better and more productive relationship with the United States than in the past.

Now we are in a very serious situation caused by the crisis which we are facing; therefore we are seriously handicapped to fight drug trafficking as we could because of the economic restraints.

Senator ROTH. Well, my time is up, but I want to express my appreciation to each of you for being here today. I think it has been most helpful.

Senator NUNN. Thank you, Senator Roth.

Senator Lieberman.

OPENING STATEMENT OF SENATOR LIEBERMAN

Senator LIEBERMAN. Thank you, Mr. Chairman.

Mr. Ambassadors, thank you for your presence here today. I think all of us know that the drug crisis is a complicated one. I must say that the three of you have added to my personal understanding of an important dimension of the problem, which is the source of the crops that lead to the drugs.

You portray a cocaine cycle that begins with a poor peasant farmer who is relatively innocent, perhaps totally innocent. At the end of the cycle is a purchaser in the United States who is too weak or undisciplined not to purchase. And in between we have a system totally fueled by greed, by an unscrupulous, singleminded quest for money, and a willingness to use violence to protect that quest.

It is up to all of us to try to break that cycle at all points: to try to help the users here, as you quite correctly say to us, to stop creating a market, to assist you economically to create alternatives for those who are growing the coca crop, and then to use whatever means—including law enforcement and military—to break through those people in between who are making all the money. And I thank you for helping my understanding of this problem.

I have one brief question for the three of you. I don't want to take too much time. You have been testifying for a long time, and the questions that the Chairman and the Ranking Member have asked have covered most of my areas of interest.

Within the last 3 or 4 weeks this Committee has heard from a series of witnesses, including law enforcement officials in the United States, heads of counter terrorism offices within the Executive Branch, and in one case an individual now in a witness protection program in the United States who formerly was a medic within one of the Colombian cartels and got to see how the operation worked from the inside.

They have all suggested that as the United States escalates its involvement in your countries, assisting you and working with you against the drug cartels, there is inevitably an increased likelihood of violence—call it terrorism, call it whatever you wish—against America, American people and American interests. Violent retaliation is most likely to begin in your countries, with the potential for violent attacks against American civilians, Government personnel, and economic interests in your three countries.

First, do you agree with the assessment that American interests and personnel will be the targets of violent reprisals? Second, what can we expect the three Andean nations to do to help protect American interests? And third, what would you counsel us to do to protect our people and our interests in your countries?

We can begin with Ambassador Delius.

Ambassador **Delius**. From the point of view of what is happening in Bolivia, we don't consider that there is any danger of retaliation or anything against American interests or citizens, due to the fact that in Bolivia there is no organized cartel and actually the highest organization within the drug producing area in Bolivia are the peasant unions, which express their views, and some minor violence has occurred before in forms of protests, but no serious violence. At this time, fortunately, we don't consider it as a danger. But the possibility always exists of terrorists and guerrilla groups capitalizing on the discontent of the farmers to pull them into some violent actions.

Senator **Lieberman**. So you have not really seen violence within your country by Bolivians against Bolivians, and you would not expect at this point to see any attacks on Americans there?

Ambassador Mosquera, obviously recent history in Colombia shows a tremendous amount of violence carried out by the drug cartel, not only against civilians but against governmental personnel. Would you expect that American interests and people in Colombia might be in danger?

Ambassador **Mosquera**. The aggressiveness of the Medellin cartel has been sufficiently shown and demonstrated, but curiously, all of the actions have been against authorities—Colombian authories—and against Colombian civilians. Up to now there has been no action that we know of against representatives of the United States or against U.S. economic interests.

The Medellin cartel, has said, for example, that for each Colombian extradited to the United States they will kill 10 Colombian judges. They have not said that they would kill 10 U.S. judges, they said they would kill 10 Colombian judges. Therefore, the violence of these cartels has had dramatic impact on our own people, not on the people of other countries.

On the other hand, there are certain guerrilla groups, like the National Liberation Army, that constantly does attempt attacks on the interests of foreign interests. They dynamited the Occidental Company's pipelines, for example, but the narco-traffickers did not do that, the drug traffickers did not. So it is curious, but it is a fact.

Senator **Lieberman**. And it is your belief that there is no greater likelihood now, as we Americans increase our involvement in fighting the Medellin or Cali drug cartels, that American people or interests will be targets of violence in Colombia?

Ambassador **Mosquera**. I cannot categorically make that affirmation. I can only refer to facts as they have occurred up to now. A violent cartel which is so powerful and so aggressive as the Medellin cartel, I don't know what they could do against citizens of another country, or what they would do.

Senator **Lieberman**. Again, I know you were long involved in the Colombian Government. Do you think that there is adequate protection provided now by Colombian authorities, or by American authorities, for American interests in your country?

Ambassador **Mosquera**. I think that the Government of Colombia does everything that it can and uses all possible means to protect U.S. citizens, and the citizens of all countries, including, of course, Colombians. What is happening is that the protection of my compatriots has been less effective than the protection of foreigners.

Senator **Lieberman**. I understand. Ambassador Atala.

Ambassador **Atala**. Senator Lieberman, the situation in Peru is the same as described by Ambassador Mosquera in Colombia, with the interesting circumstance that violence in Peru through the Shining Path subversion is already some 10 years old and neither from this side nor from the side of the drug traffickers are any acts of violence against U.S. personnel that can be mentioned, except one time some 2 or 3 years ago a bomb exploded near the American Embassy site in Lima.

But there is really no action that can be reported against any Americans in the last 10 years. And the protections to the Americans, exactly as in the case of Colombia, the Government of Peru does everything possible to protect and help to see that these events do not occur.

I react to your question for the future, really we are just hopeful. We hope, but we cannot say anything more. With these people no predictions can be valid.

Senator **Lieberman**. I thank you for your answers. Needless to say, we here all hope that the report continues to be positive. About the safety of American citizens and interests. And needless to say, we also hope that the reports from Colombia about the impact of the drug cartels on Colombian citizens will be more optimistic.

Thank you.

Senator **Nunn**. Thank you, Senator Lieberman.

Senator Cohen.

Senator **Cohen**. Thank you, Mr. Chairman.

Ambassador Atala, you indicated before in response to Senator Roth that perhaps what we ought to do is to purchase the coca leaf. That has some initial surface appeal, I must say. Number 1, you say it would cost less money, and that is always attractive since we are trying to deal with budgetary problems. Number 2, it would put money directly into the pockets of farmers. And number 3, it might encourage them to switch to other legal crops.

There are two problems that I see. One is political in nature and the other one is practical. Politically it would be, the equivalent of having a situation in which countries are dumping toxic wastes on the shores of the United States, and the United States adopts a policy of, rather than try to interdict or prevent the waste from coming to our shores, just buying it and then destroying it. That is the political problem that we would encounter.

But secondly, it seems to me there is a practical one, and that is what is to prevent farmers who are not doing so well in Peru to say, hey, we have got some crops that are not selling well on the market for a variety of reasons. The United States has policies which are discouraging the price from going up, the marketability is down. We think we ought to get into the production of coca leaf.

What is it that you would have in the way of a plan that would in fact stop or discourage the proliferation of more farmers getting into coca production; from saying we have got a product here that has a Government guarantee, the United States is paying hard currency for us to get into the production of coca leaves?

Ambassador **Atala**. Senator Cohen, I think that we must take into account that there is some experience already in the way of dealing with quotas, production quotas. That has happened with cocoa, with coffee and other crops. We know now exactly—almost exactly—the amount of coca that is being produced, so you would buy and burn this present production of coca, and you would burn for free the rest. That would be very clear, the farmers and everybody concerned——

Senator **Cohen**. So everybody who is in the business today gets taken care of and no one else can get in the business?

Ambassador **Atala**. Absolutely. No increase of production.

Senator **Cohen**. What is to prevent either the insurgents or the drug traffickers from going back to other farmers who aren't in the Government guaranteed purchasing arrangement to say, you can't get in the program, therefore we want to encourage you and we will subsidize your production of coca?

Ambassador **Atala**. Of course this is a possibility. But if you have the present farmer in the farming population, as I said before, using the expression "on the side of the law," you are going to have a tremendous instrument of cooperation to control and to fight the rest.

Now, it is not so easy, as has been said, to start habilitating lands in the jungle to start growing coca, or anything else. It is a certain difficult process that with vigilance and with the population already on the side of the law, it would be far easier for the Government with the United States cooperation we have established to control and prevent that from happening.

Senator **Cohen**. Is it possible in Peru to distinguish between the insurgents and the drug traffickers? Do you draw a distinction in how you, number 1, identify them, or, number 2, deal with them?

Ambassador **Atala**. It is quite a problem, Senator Cohen, because at the beginning it was interesting to notice that the subversives, the terrorists, did not want to do anything with the traffickers because of the moral connotations. They pretended to be a silent fury in many respects, propagating the Mao doctrine, et cetera, et cetera. But then, interestingly enough, from the provinces of Peru where they started the subversion, in the high central Andes in the provinces of Ayacucho and Huancavelica, which are a little bit southeast of Lima, if you can see on the map, the capital of Peru, they have gone, in a very strange and strategic movement, north precisely to the Upper Huallaga Valley where they have found the financial means to keep on the subversion.

Now, it is very difficult to say who are the traffickers or who are the terrorists. But since the terrorists stationed in the Upper Huallaga Valley, in a military sense are rather inoffensive, their job there is just to protect the traffickers.

So for all practical purposes, I would say both are all the same, the same thing.

Senator **Cohen**. So it would follow necessarily then that if we were to have a multi-national strike force introduced into Peru, they would find themselves involved not only in counter-narcotics operations, but counter-insurgency operations.

Ambassador **Atala**. Exactly. I believe I mentioned that as a possibility, yes.

Senator **Cohen**. I am sorry I missed your prior answer.

Your Government has an objection to the use of herbicides to eliminate the coca leaf, is my understanding.

Ambassador **Atala**. Well, yes and no, Senator Cohen. The Peruvian Government has accepted the experimental use of herbicides, including Spike, as you know. And tests have been made, but the conclusions are not yet clear enough to the Government of Peru to say yes, go ahead, let's use this herbicide on the rest of the plantations.

The doubts on this matter are very strong among scientists and people who think that the use of this or other potent chemicals would affect very seriously the environment, the soil, et cetera. So the Government would like to go ahead, provided there are no dangers to the ecology.

Senator **Cohen**. That is a legitimate concern. Of course, on the other side of the ledger you have policies being practiced by the growers. Slashing and burning crops, and dumping chemical wastes into the streams are also creating some environmental hazards right now.

Ambassador **Atala**. That is right.

Senator **Cohen**. If I could turn to Ambassador Mosquera.

Colombia has requested U.S. assistance in protecting judges and other Government officials. At the same time Colombia recently purchased a squadron of jet aircraft. I believe they are the Israeli Kaffirs.

What are the top priorities with regard to security assistance, on the one hand requesting aid to combat drug traffickers, insurgents, and the other of purchasing expensive aircraft.

Is the threat greater from within or from without as far as Colombia is concerned?

Ambassador **Mosquera**. The procurement of some aircraft from Israel, Kaffir planes, took place a long time ago before we had the last events related to the dramatic impact of drug trafficking in Colombia. But these aircraft really were purchased from Israel, not because we did not want to purchase them from the United States, but rather, very many obstacles were set in our way for the purchase of these planes for the armed forces of Colombia. And since we urgently needed them, we had to buy them from other countries.

Now, the request for aid by the Minister of Justice for our judges was, of course, for the protection of the judges of Colombia, and this is of vital importance at the present time because judges are, obviously, less protected, much more so, than the military. And so therefore they need special security or protection in order to continue to prosecute and investigate cases of drug trafficking and in the case of arrests for the application of penalties or the extradition of these suspected traffickers to other countries.

Senator **Cohen**. Mr. Ambassador, if I could just clarify the point of my question. The question was not designed in any way to criticize Colombia for not buying U.S.-made aircraft. You can buy United States aircraft, or French, or British or Israeli, as far as I am concerned. That was not the purpose of the question.

The question was one of trying to understand the nature of the priorities the Colombian Government itself has in the way of its own security. Is there a greater threat from your neighboring countries that you feel that it is a higher priority to purchase fighter aircraft as opposed to building up the internal security to combat terrorists or drug traffickers?

The third point on this is that we have heard some initial criticism coming from Colombian Government officials that the United States was providing the wrong kind of assistance, that we were providing the kind of assistance that would not be effective against the drug traffickers and terrorists.

My purpose was not to criticize Colombia for buying Israeli aircraft, but rather to find out what the priorities of the security needs of the Colombian Government are.

Ambassador **Mosquera**. I understand perfectly well your question, sir. But, of course, a country like Colombia, or any other country, cannot also undermine its sovereignty, foreign sovereignty. A country like Colombia, or any other country, has to defend its borders and at least have the most basic weapons to be able to face up to an emergency situation. It has to really act on both fronts, but we give a special priority at the present time to our domestic security and the war against drug traffickers and subversives, vis-a-vis any problem that would affect our security from abroad.

Senator **Nunn**. Thank you, Senator Cohen.

Senator Levin, we are to you now. I know you have been very patient. Unfortunately, this hearing has got to conclude by 1 or 1:15 at the latest and we have another panel of very important witnesses, so we are going to have to wrap this one up. Senator Levin, I want to give you your time, but we will not have any more time for other questioning after Senator Levin concludes his questions, because we do want to get to the second panel.

Senator **Levin**. Thank you, Mr. Chairman. Let me add my welcome to the ambassadors and express our gratitude for their coming here today.

I want to pursue Senator Cohen's question to you, Ambassador Atala, about the suggestion that we simply buy the crop from the farmers at the price they are getting now and burn it. If the farmers are getting an average of $1,300 a metric ton now, which I believe your testimony is, why won't the drug traffickers simply say to the farmers, well, instead of accepting $1,300 a metric ton from the Government, we will pay you $1,500 a metric ton for your coca crop?

What would stop the drug traffickers from doing that?

Ambassador **Atala**. As I said before, Senator Levin—and I hope this is not wishful thinking—the farmers who produce that coca leaf would much rather be with a legitimate organization buying their coca leaves for let's say $1,300 than having the traffickers—in other words, than going against the law and go back again to the hellish situation where they would be selling for $200 or $300 or $400 more per ton.

Senator LEVIN. What evidence do we have of that?

Ambassador ATALA. Excuse me?

Senator LEVIN. As I understand it, in Bolivia we tried a cash payment to farmers to destroy coca and the program did not have a big effect, I gather, on coca production in Bolivia.

Why wouldn't a farmer in Peru or Bolivia, who is not selling coca to drug traffickers, why wouldn't he continue to sell it illegally, if he can get more money for it? He is selling illegally now, and he would continue to make more money later by continuing to sell illegally.

Ambassador ATALA. One thing, of course, is to start a program, a limited program, of buying coca as it was done in Bolivia. Another thing is to enact a program, a massive program of coca destruction through buying. I think that this idea should be taken into consideration in the light of the whole process of the drug addiction and drug processing. It is not only a question of selling any merchandise.

No, this is a business which is under scrutiny of the police, it is under the influence of the terrorists, and it is being done against the law.

Senator LEVIN. Ambassador, is it not fair to say that if you could wipe out the coca traffic, coca growing, tomorrow by just a magic herbicide, that that would create so much economic upheaval that it would threaten your democracy?

Ambassador ATALA. In the producing countries, definitely not.

Senator LEVIN. Pardon? In your country?

Ambassador ATALA. No.

Senator LEVIN. If you could get a herbicide, like Spike, and use it safely, without environmental difficulty, to wipe out the entire coca crop immediately, would you do it?

Ambassador ATALA. Well, as we have said before, the wiping out of the coca production one way or the other has to be followed by the substitution and the creation of economic development.

Senator LEVIN. In the absence of economic development of a substitute crop, could you do it?

Ambassador ATALA. If we could not——

Senator LEVIN. You could not destroy your illegal coca crop unless you had a substitute crop?

Ambassador ATALA. Of course not. It would be very difficult. It would be very difficult, because what you are saying, Senator, if I am understanding you correctly, is that by wiping out coca, let's say through chemicals, you would deprive all the farmers from their livelihood. This you cannot do.

Senator LEVIN. You cannot do it because you would create economic disruption which would threaten your democracy?

Ambassador ATALA. Exactly.

Senator LEVIN. So the problem of whether the herbicide is safe or isn't safe, isn't really the point, because if it were safe, you couldn't destroy your coca crop anyway in the absence of a substitute crop program?

Ambassador ATALA. Absolutely.

Senator LEVIN. Now, have you proposed your substitute crop program to the State Department, our State Department?

Ambassador ATALA. Yes, we have been discussing that. In Peru this has been discussed for a long time, at the level of the American Embassy.

Senator LEVIN. What has been our State Department's reaction to your suggestion that we buy $235 million worth of coca a year for 5 years? What has been their reaction?

Ambassador ATALA. This is the first time we have mentioned the idea, sir.

Senator LEVIN. In these hearings.

Ambassador ATALA. For the first time.

Senator LEVIN. I see. How many farmers are engaged in coca growing in Peru?

Ambassador ATALA. In the Huallaga Valley I should say about 8,000 to 10,000.

Senator LEVIN. Out of a total number of farmers?

Ambassador ATALA. In Peru? Well, I would say perhaps 300,000.

Senator LEVIN. So if the 10,000 farmers that are now growing coca were suddenly selling their coca to the Government and doing well, why wouldn't there be 10,000 other farmers in Peru who would then see that they would be better off growing coca because the Government would buy their coca?

My question is similar to the question that Senator Cohen and others have asked. You have 10,000 farmers who are now making more money growing coca than they could from growing something else. If there were a program to buy their coca and burn it, wouldn't you then have hundreds of thousands of other farmers who would see that if they grow coca, they also could sell it to the Government and do better? Why wouldn't they do it?

Ambassador ATALA. Well, they might——

Senator LEVIN. Try me again, because, I have got to tell you, I would love to buy that crop. If I thought I could buy a crop of coca from Peru for $235 million and burn it, and end 60 percent of the coca production that is coming into the United States, I would invest that $235 million in a minute, in 1 minute. We are spending $8 billion a year to fight drugs and you are saying $235 million would get rid of 60 percent of the production of coca.

My problem is that it won't work. Why wouldn't there be 3,000 other farmers, or 10,000 other farmers who would start cultivating coca?

Ambassador ATALA. For a very simple and geographical reason, Senator Levin. You know that you cannot produce coca everywhere in Peru. You know that our country has three sections very clearly divided, the coast land, which——

Senator LEVIN. Well, help me out then. How many other farmers could produce coca in Peru in addition to the 10,000 that now are?

Ambassador ATALA. It is very difficult for me to say. You could have any amount if the conditions were easy for them to do so, but they are not.

Senator LEVIN. About how many could, would you estimate?

Ambassador ATALA. I don't know, Senator. Really, I don't know how many could, because it would depend on the conditions created there. I could not answer your question.

Senator LEVIN. I thank you very much. And Ambassador Delius, one question for you.

According to your testimony Bolivia began a campaign to get farmers to destroy coca plants in return for a one-time cash payment and technical assistance in substituting other crops.

Did that campaign work?

Ambassador DELIUS. It worked, I would say, to a limited extent. The results achieved were not the results expected, for several reasons. The crop substitution program did not work parallel with the crop eradication program and—suddenly some of those farmers who had destroyed their coca plantation for the one-time cash payment realized that it would take them several years to recuperate their income providing them with a livelihood, since the program for any substitution would take at least 3 years for the new crop to start producing. And that is one of the problems, the time lag between the time the coca plantation is eliminated and any substitute crop would start producing income.

Senator LEVIN. Let me again thank all of you. All our countries must cooperate. I think that there is a very complex picture here that involves economics. I would hope that our State Department and our Congress would work very closely with you to attack this problem in your countries in many ways.

I think we have to be very direct and very straightforward and very honest with each other, and your participation here this morning has been helpful in that process and I am grateful to you.

Senator ROTH. Thank you very much, Senator Levin.

I want to thank each of our ambassadors who have been here today. You have been very helpful, you have brought a number of very important points to our attention and we have gotten at a better perspective of the way your own countries view the drug problem. And I have been particularly interested in your economic analysis and the obvious direct connection between your economic problems and the drug efforts that you have underway.

So I thank each of you for being here and we hope to stay in touch with you as we try to learn more about your countries and as we try to tackle this problem together.

Thank you very much.

Senator NUNN. It is a pleasure and honor to introduce the next panel of witnesses. These distinguished and courageous individuals have played and continue to play key roles in their countries' anti-drug efforts. Based on their own experiences in the Andean region, they are prepared to share with us their views on what will and what will not work in attacking the drug problem at the source.

We have with us today the former Justice Minister and current Colombian Ambassador to Czechoslovakia, His Excellency Enrique Parejo. Ambassador Parejo succeeded Justice Minister Bonilla, who was assassinated by the narco-traffickers in April, 1984, because of his support for efforts to extradite the traffickers.

Ambassador Parejo continued those efforts, and in August, 1986, left for Hungary to be his country's ambassador. Less than 6 months later he was shot in Hungary by assassins allegedly hired by the traffickers. Since that time Ambassador Parejo has continued to voice his opposition to the traffickers, both in his present position as Ambassador to Czechoslovakia, and as chairman of the 32nd United Nations Commission on Narcotics Drugs.

We will also hear from the Honorable Oswaldo Antezana, Subsecretary for Alternate Development in the Bolivian Ministry of Agriculture. The Subsecretary for Alternate Development is responsible for implementing and overseeing Bolivia's coca eradication and crop substitution program. Subsecretary Antezana is an agricultural expert who prior to his being selected for this current position has spent many years living and working in the Chapare, Bolivia's main illicit coca growing area.

We will also hear from Mr. Gonzales, a journalist and political analyst from Lima, Peru. Since 1983 Mr. Gonzales has covered drug issues as well as activities of the Shining Path for United States, Peruvian and South American newspapers. He has traveled often and extensively and he has personally interviewed members of the Shining Path.

So we are delighted to have all of you here this morning. We know you have had a long wait this morning. I didn't anticipate it would be this long. We hope we have not disrupted your schedules, but we are pleased to have you.

We are also pleased to have Senator Kennedy here. Senator Kennedy is one of the leading members of the Senate in the effort to curb narcotics traffic, both as a member of the Senate and a key member of the Judiciary Committee. He has also been on every panel I think we have had in terms of the efforts to work joint drug legislative efforts. And Senator Kennedy, we are delighted to have you participate this morning.

Ambassador Parejo, we will call on you first, and again we are pleased to have you here. We know the personal courage you have displayed, we know what you have been through, and we will benefit immensely by your testimony, I am sure.

TESTIMONY OF HIS EXCELLENCY ENRIQUE PAREJO GONZALEZ, AMBASSADOR OF COLOMBIA TO CZECHOSLOVAKIA, FORMER MINISTER OF JUSTICE

Ambassador **PAREJO**. Thank you very much, Mr. Chairman. First of all, I must express my sincere gratitude to Senator Sam Nunn and to the other Senators of the Subcommittee for their invitation, asking me to take part in this hearing on a subject of the utmost importance, that of drug trafficking. I have been invited here to speak as a private citizen of a country that has been tragically affected by a wave of violence and crime in the last several years. That wave is the result of the activities of organizations that handle the narcotics trade.

Colombia is, without a doubt, the country that has been most harshly punished by this phenomenon. It has had to fight in order to defend its institutions and to save them from crumbling and from falling into the hands of those organizations. This has cost many valuable lives, including those of Government officials, journalists, members of the armed forces, judges, magistrates, and politicians.

Since this is a matter that concerns all of humanity, it is up to the international community, not the individual countries, to face this terrible evil. Colombia is only the circumstantial center of the war being fought. The cooperation of all the countries of the world is urgently required in order to finally defeat narcotrafficking. Thus, it is of great importance for each country to put into effect the recently adopted Vienna Convention against Narcotics. The Convention constitutes the rationale needed by the international community to effectively combat this grave problem.

The battle against the drug scourge must be fought in an integral manner, that is, attacking the different phases of the process—production, consumption and illicit trafficking. It is thus necessary, for example, to suppress the sources of production. The crops from which these narcotic substances are extracted must be eradicated, because they contribute fundamentally to the process. The harm from maintaining illicit crops is considerable, not only to the producing countries, but to the rest of the international community. The harm that it causes is infinitely greater than any costs that might be incurred in eradication efforts. The peasants who today derive their livelihoods from those illicit crops must find, together with their governments and the international community, new and legal sources of employment. Every measure taken in the direction of suppressing illicit crops is a step in favor of humanity. Measures must be adopted even if they require sacrifices.

For the same reasons, the processing of drugs must be suppressed. The confiscation of economically productive land belonging to the narco-traffickers, as has been undertaken by the Colombian Government, constitutes a good start for the development of an overreaching agrarian reform policy. Hopefully, this example will be followed by other countries. In addition, it is necessary that the developed countries cooperate with the developing countries by acquiring their products at fair prices, looking to strengthen their economies.

Consumption must also be combatted if we are to achieve success in the task of eliminating narcotrafficking. The demand generated by consumption is a determining factor of production. As long as there are people requesting drugs, there will surely be others ready to supply them. With this, we do not mean that demand justifies production. To the contrary, regardless of the level of demand, production is a criminal activity and must be fought. Society has a right and an obligation to the prevention of drug abuse. This is not simply a matter of individual choice, for it transcends the private sphere and becomes a matter of social interest. States must develop strict policies to reduce consumption, thus suppressing one of the key factors that influence illicit traffic and production.

Until recently there was an attitude in the United States that was opposed to taking into consideration consumption as a basic link in the narco-trafficking chain. The tendency was toward considering only production and illicit trafficking. We are pleased by this change in attitude. The new way to view the problem, the new policy that we are encountering is worthy of our sincere praise.

The most serious problem, we believe, has to do with the criminal organizations that handle the narcotics traffic. They are actively inducing great numbers of peasants to abandon their traditional crops and to dedicate their land and their efforts to producing illegal crops. At the same time, they are inducing vast sectors of the population to consume drugs in order to increase demand and, subsequently, production. The dismantling of those criminal organizations is the principal objective behind the struggle against narco-trafficking. Indeed, those organizations hold great economic power. They corrupt Government officials. They murder not only those who oppose their evil intentions, but also those not willing to collaborate with their dirty activities.

If Latin American democracies are at risk of being destabilized, that is due to the action of those organizations which are truly multi-national. These mafia have attempted, and sometimes succeeded, in taking hold of the controls of power, interfering with the activities of the political parties by infiltrating their agents into their ranks. They have gone so far as to penetrate the armed forces, the security and police forces, to have them work for rather than against them. The criminal narco-trafficking organizations have gone so far as to challenge the judicial and democratic institutions of Colombia and other countries, and have even established their own armed groups in order to impose their will by force or by coercion.

They have taken advantage of our passivity and our initial indifference to make themselves stronger. For that reason, it is now much harder to defeat them. Even so, we must fight them implacably and without quarter.

There is no doubt that those organizations are true multinationals since they control all the facets of their menacing activities, from production to consumption in various countries, including the most powerful nation on this planet. They have done this unobstructed and no force in the world has been able to stop them.

Even though exact figures on this topic are hard to come by, it has been said by credible sources that the value of drug consumption in the world ranges between $300 billion and $500 billion. All that money cannot be easily hidden. It must be handled through banking institutions who, even though cognizant of its origin, are helping to launder the dirty, blood-stained money obtained from drugs.

If we assume that the United States consumes 40 percent of the total illicit drug production, an amount equivalent to between $120 billion and $200 billion would be generated, a sum not at all insignificant. This sum equals between 25 and 50 percent of the total Latin American foreign debt. It has been said that 80 percent of the cocaine consumed in the United States comes from the Colombian cartels, or through the Colombian cartels. In other words, between $80 billion and $100 billion worth of illegal drugs comes from Colombia into this country.

According to media reports, only about $1 billion returns to Colombia, under the best of assumptions. The rest would probably remain in American or other foreign banks. Is it possible to imagine that such an amount is uncontrollable? Can we believe that no one knows where it is going?

Even if we suppose that only a less significant fraction, about 30 percent, goes to the multinational organizations and the rest remains, it is hard to believe that a sum so large, between $24 billion and $30 billion, could remain in this country or be sent abroad, through banks or financial institutions without being detected. Everything points to the complicity, or at best, the negligence of the banking and financial institutions through which the narco-trafficking organizations are laundering their funds.

For the drug cartels to enjoy the success they have had so far, it is necessary that their distribution networks be supported by criminal organizations in the United States. It should not be too difficult to detect those organizations and to locate their chiefs.

The right of nations to defend themselves from crime must be fully exercised, within the judicial framework provided by the internal and international norms. Criminals must be tried and sentenced in the place where they committed their crimes.

States must not leave out the possible use of those legal instruments that have been established to make more effective the prosecution of crime and the trial and punishment of criminals. One of those instruments is extradition, which makes it possible for a person to be tried before the judges of the country where he chose to commit his crime, regardless of his nationality. This rule is valid in the face of common crime phenomena. It is even more so for such a serious crime as narco-trafficking, so frequently associated with terrorism.

This is a crime that not only assaults individual and national interests, but the sacred interests of all humanity. To dispense with the use of the instrument of extradition because of an undue respect for the bonds of national sovereignty is to be damned to live in impotence and to facilitate impunity. There is no persuasive reason to respect a bond that narco-traffickers are the first to disregard. If the circumstances regarding a crime are exceptionally serious, as in the case of the traffickers who murder their compatriots and their own judges, it is immoral for the State to fold its arms and opt for the impunity of the crimes.

This terrible scourge has created such confusion that there are people who still think that the solution to narco-trafficking is to legalize production, trade, and consumption. They are ignoring the harsh effects that drugs have on growing sectors of our population, especially on young people. We believe this would be a tremendous mistake. The first consequence of such a measure would be an overwhelming increase in the numbers of drug users. It would also mean the abandonment of our youth's and our children's physical and mental health to the insatiable voracity of the drug trafficking organizations.

The arguments in favor of this measure are not convincing. Neither are those that cite the alcohol prohibition era of the 1930's as an example of what now must be done with regard to drugs. After abolition, alcohol consumption in the United States trebled. The loss in human lives, as a consequence of alcohol abuse in your country alone has gone up to the astronomical figure of 200,000 a year. Do we want the same thing to happen with drugs, whose negative effects on health are much more serious? Even if the state were to assure the control of drugs and impose taxes on them, the trafficking organizations would survive to continue handling the trade outside of that control, with all the corruption, murder and fraud that exists today. Experience has shown that even if cocaine were legalized and its trade ceased to be profitable, those who now handle the business would then shift to trafficking some other, more dangerous substances. How far would this endless chain go?

There are those who delude themselves by thinking that drugs create economic and social well-being. Nothing could be further from reality. The money of the narco-traffickers does not benefit the economy of the countries where they operate. It is associated with speculative activities. It neither creates wealth nor generates employment, other than to the small number of people who work directly in their illicit activities. If we were to weigh on one side of the scale the apparent benefits of narco-trafficking and on the other its evident harm, there is no doubt that it would fall to the ground due to the enormously superior weight of the latter. But if there truly were tangible benefits, it would be dishonorable and demoralizing for a country and for its society to maintain such a source of livelihood. Through this road one would quickly ride to total degradation.

The most effective measures against the narco-trafficking organizations should be of an economic nature. In order to obtain good results, it is necessary to count on the full cooperation of both Government and banking industry. With this objective in mind, it is absolutely necessary to lift the bank secrecy regulations in order to carry out the appropriate investigations to dismantle the narco-trafficking networks. Naturally, this implies a profound change of attitude, since there are those who prefer the well-being of their commercial banks to the lives and health of their people.

To shelter the criminal activities of the narco-traffickers with the bank reserves is, frankly, scandalous. It would be appropriate for the monies of the Colombian drug cartels to be confiscated and returned to this country as indemnity, even if a partial one, for the enormous losses and invaluable sacrifices that the country has suffered. It would be absolutely necessary for the United States to cooperate in the task of finding these monies in order for this act of just repair to be accomplished.

Some authorities on this matter speak of the need to legalize narco-trafficking with the argument that the struggle against it has failed. It is wrong to consider a struggle which is only just beginning as a failure. Up until now, this venture has neither been constant nor endured, but it has been intermittent and at times sporadic. It has not been, on the other hand, a struggle conducted with the will to win it. In order for narco-trafficking to be defeated, the struggle must be a true one, putting all the mechanisms available to the State in service of achieving this important and undeterrable commitment cutting off all the channels of corruption and compromise. The proof that the struggle has not begun in earnest is proven by the fact that the great kingpins, who have been known as such for the past 10 years, are still at large, enjoying the juicy profits that they have amassed with innocent blood.

There is no room for dialogue with the narco-traffickers. Dialogue is the vehicle of civilization and coexistence. One cannot coexist with the criminal agents who tear the basis of social stability with the most despicable selfish purposes. These agents must be submitted to the rule of law and justice. On the other hand, there is no worse enemy to humanity than narcotrafficking, comparable only to arms trafficking, with which it is closely associated.

In the particular case of Colombia, the enormous sacrifices which this struggle has cost, especially in human lives, would have been in vain, if they had only served to induce the country to negotiate with the assassins. It is not possible to compromise by freeing them from the weight of the law, or by granting a morally impossible forgiveness for their crimes and allowing them access to a society which rejects them with indignation and shame. Regarding them, the only venue is to submit them to the law, by will or by force, and force them to pay for their crimes. Colombia cannot degrade itself to the point of descending to the puddle of blood and mud where these criminal beasts live and sustain a dialogue with them.

The recent actions undertaken by the Government of Colombia deserve the highest praise. They have encountered the most enthusiastic general support. There, in the midst of the battlefield, the President of the Republic, the Government, the authorities, the entire society, stand together to combat the most serious threat ever unleashed against humanity. Our country is now at a crossroads. The time has come to decide if we will win or lose the war against drugs. The smallest hesitation could lead to the latter, bringing as a consequence, the destruction of democracy. It is necessary for the entire population of our country to recognize the severity of the situation and support without hesitation the actions undertaken by the Government. But equally as important is the support of the international community.

Thank you very much.

Senator **NUNN**. Thank you very much, Mr. Ambassador.

Secretary Antezana, we are delighted to have you and we will proceed with your statement.

TESTIMONY OF HON. OSWALDO ANTEZANA, VACA DIEZ, SUBSECRETARY OF ALTERNATIVE DEVELOPMENT, BOLIVIAN MINISTRY OF AGRICULTURE [1]

Secretary **ANTEZANA**. [Interpreted from Spanish.]

Mr. Chairman and members of the Subcommittee. My name is Oswaldo Antezana, Undersecretary for Alternative Development, Bolivian Ministry of Agriculture.

I would like to express my thanks for the invitation to appear before this Subcommittee of the United States Senate. Before I begin to read my statement, I would like to refer to some subjects as a way of introduction.

Bolivia is located in the center of South America, and the Department of Cochabamba is at the very heart of Bolivia. The Chapare province is the tropical region of Cochabamba.

In the 1960s we have programs in Bolivia through a Government institution created for this purpose, the National Colonization Institute. Under the Ministry of Peasant Affairs, the object of which was to give land to the peasants of the highlands to solve the minifundio problem resulting from the farm reform of 1953. We thus set what is called the colonization in the Bolivian tropical area in Pacani in the Department of Santa Cruz and Chimore in the Department of Cochabamba.

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[1] See p. 209 for Secretary Antezana's prepared statement.

Simultaneously and before the democratic pressure of the highlands and the subdivision of the land, we have a spontaneous settlement and migratory currents that are significant without a pattern, people going to tropical areas, rain forests and warm lands.

In a second stage and in the face of road development, we have continued immigration to the Chapare, where the farmers produce in the place of origin and in tropical areas, traditional products such as root vegetables and grains that arén't grown in the highlands—bananas, citrus products and cocaine. In the tropical area coca is grown for the consumption of the people. They chew it, which is a traditional activity, and the surplus amount is sold to the mine workers. The mine workers use it to allay or quench their thirst and hunger.

At the end of the last decade we have massive coca production. This goes together with some climatic problems which lead to a drought which is worsening year after year, forcing the peasants to migrate to other areas for their livelihood, and so they engage in coca cultivation for the solution of their economic problems. It is important to note here that the problem regarding coca production is not a problem regarding crime, this is an economic problem in the face of the dire poverty we see in this area and the absence of a productive infrastructure.

Mr. Chairman, I arrived in Chapare in August of 1972 to be in charge of the experimental station of Chipiriri under the Ministry of Farm Affairs and Peasant Affairs. At that time there were no roads as we see today. The access to Chipiriri was very difficult through a road that only allowed one vehicle to transit. Farmers raised rice, manioc, corn, bananas, pineapple and citrus. And they also had rubber trees and coca trees, although they didn't have technical assistance.

Coca is one more product which allowed them to chew this product and the surplus would be sold to other farmers and miners in keeping with the centuries-old tradition. But it is it was a small, small operation, 3,200 square hectares, approximately. The coca was dried for some days so it would be acceptable for chewing purposes. Then it was placed in baskets. We had several presses made of wood and the bags of 50 pounds were prepared and this is how it was treated.

When a farmer had a bag for sale, he would put it on the side of the road and the carrier would stop to pick up the bags and take it to the places for consumption, particularly the mines. In 1973 the new road was inaugurated and Chapare became the most touristy place of the area. We have many, many tourists flowing there.

In 1974 I left the Chapare area to work at the Beni area and later on to go to La Paz, and I went back to Chapare in 1980 as an advisor, a farm advisor for the Government institution created in 1976 to carry out studies in the Chapare, Cochabamba and Las Yungas de La Paz areas are traditional for coca production. The change we saw in the Chapare was significant because the peace that we saw in 1974 no longer existed. Everybody seemed to be more active, giving the impression that they engaged in farm operations.

But I was very disappointed when I noted that the main activity there was the growing of coca leaf and that we had made no progress in other areas, although there was another experimental station there, La Jota in Chimore. This institution had lost the control of settlement activities, growth increased every day, and the first comprehensive development project had the financing of $32 million that had to be channeled.

This was stopped because of the coup d'etat by Garcia Meza and it affected the diplomatic relations between the United States and Bolivia and it led to the suspension of cooperation agreements. And because there were very few resources, there was a donation of $5 million through INM, and so we entered into a transition phase, a pilot study in the implementation of the project. Bit by bit the environment became worse. While at the beginning coca production went to Santa Cruz by road, in the face of a ban of the Government to market coca to Santa Cruz, this was taken by individual men from the Chapare, Cochabamba to Montero, Santa Cruz.

This led to the death of many people because of the brutality of drug traffickers that began to exploit farmers that went to the Chapare in the face of drought in the highlands, and the Government declared this an emergency area.

Contrary to what happened in the highlands, in the lowlands, we had floods which affected the Beni farms, and there was deforestation in areas that had been marked as reforestation areas. The very traditional trading system was no longer viable because this demand increased and the farmers did not have to drive the leaf, they just put it in bags that were taken to the labs where paste was made.

In 1983 a bilateral agreement was signed giving way to a special project leading to the creation of an agency for the development of the Chapare area. The research extension and credit or loan giving windows, as well as the strengthening the institutions are the main characteristics of this special project, and in spite of the good will o' the technicians involved, no progress was made because of a high salary for workers in the area of drug trafficking, the almost legal trade of coca paste do not allow for us to make headway in this area.

The farmer who immigrated from his area of origin, a very poor area, looking for a livelihood that would allow him to survive the vagaries of time finds himself exploited by this new ruling class full of corruption. He is the prey of drug abuse, prostitution, alcoholism, and venereal diseases.

Some measures are taken in the area of interdiction, and I saw when there is the will, all the floating population of the Chapare area leaves the area, and we just have the settlers of many years who show their interest in participating in development programs.

In this regard, I was able to conclude the following. The development program works if drug trafficking interdiction is active and ongoing. I noticed that migratory flows that have been increasing were directly proportional to the drought and other adverse conditions in the highlands.

As one solution we propose the creation of the development polls in those areas to slow the movement of highland farmers to the tropics in three regions of Cochabamba. And in this way we can have a new philosophy, that of alternative development through

Amendment Number 7 of the project signed in November of 1987. This theory is confirmed nowadays.

Now I would like to give you two examples, the first one being in the Aquile area, Campero, province of Cochabamba in the south. Peasants built on their own for two years now a gallery allowing them to have irrigation, water. Since they don't have any economic assistance they have divided the community into two groups. One stays in Aquile carrying out the activities and the other one goes to the Chapare area to get the financing necessary for these activities. That is to say that the people stay in the Chapare area for purely economic reasons.

Second, a road was built recently between Capinota, Cochabamba and Yaranpapa in the north of Potosi. Because we have this road, the settlers of Taparena are beginning to go back to Chapare. This has all made me realize that the peasants are not bad, they go to the Chapare because they know that they get economic resources there, but they are willing to go back to their places of origin once they see that several actions aiming to improve production are carried out.

He has been able to derive some resources that allow him to survive, but in no cases has the laggardness and backwardness been redressed. The dire poverty and high mortality rates have not been corrected. His housing is inadequate, it doesn't have the basic necessities. The only people that have benefited are the drug traffickers from the outside and the inside.

I am convinced that we have to control demand, and this we can only achieve by interdicting drug trafficking in consuming countries and producing countries. And therefore, I think that the Bennett plan is a positive thing and it picks up the concept of shared responsibility. Farmers have to be offered alternatives in their places of origin and in coca growing regions as well, but we can only achieve this through a rational exploitation with alternative products that not only is seen as biologically viable but have assured markets.

In order to attain these objectives, we have to further the idea of joint ventures. They allow for the industrialization and commercialization of substitute products. The focus of products such as beans and the perennial products like pepper, tea, rubber, macadamia nuts and others, as well as pastures and feed for farm production and forestal species to improve the area point to better days ahead.

With the development of the infrastructure for production in the highlands of Cochabamba, Chichicata and La Paz we can offer to the market other non-tropical products that should be treated in the same fashion. We have Andean production like aquino and natawi of high protein value that would be used in the making of flour. I think that alternative development is the best option to overcome drug trafficking problems and problems regarding the drug production, but in order to be successful we need international cooperation in the framework of shared responsibility and the common objective of fighting together against drug trafficking.

The basic objective we pursue is to displace coca production as the main source of income for these people through the development of other activities and giving the affected areas a social economic infrastructure. This economic objective will be implemented by the State in the areas of controlling coca production. We hope to reduce coca production to a level sufficient only for legal uses and we plan to make it possible for small farmers to return to their highland homes under improved conditions.

To bring this all about, we have developed a plan we refer to as a special PIDYS, the Integrated Plan for Development and Substitution. We also estimate that this plan will cost a great deal, some $630 million over 5 years, improving the services of education and health, all of this with an active participation of farmers and Government officials based on new institutions. In order to carry out all of the above we have a special plan for development and substitution and over 5 years and $630 million we hope to be able to develop the area so as to overcome many problems associated with narcotics trafficking, and for this with a framework of shared responsibility we will need considerable financial cooperation.

Thank you very much.

Senator NUNN. Thank you, Mr. Secretary.

Mr. Gonzales, we are pleased to have you here and I understand you have a summary of your statement. We will be pleased to have you present that.

TESTIMONY OF JOSE GONZALES, JOURNALIST/POLITICAL ANALYST, LIMA, PERU [1]

Mr. GONZALES. Thank you, Mr. Chairman. I am pleased to be here and I appreciate your invitation to testify on the role played by the Shining Path guerrillas in Peru's fight against drugs.

Undoubtedly, the strength of drug trafficking in Peru stems from the economic power exercised in an impoverished society that is going through its worst economic crisis ever. Inflation is running at 5,000 percent and the gross domestic product has plummeted by 28 percent so far this year.

While there are no reliable figures available about the coca economy, it is estimated that anywhere from 110,000 to 300,000 hectares of illegal coca are grown in Peru. Production of coca leaves and paste have increased by at least 40 percent since 1985, and Peru produces 60 percent of the leaves that are processed into the cocaine that finds its way into the world markets. The direct influence of these figures on the national economy could be between $600 million and $1.2 billion a year, or the equivalent of from 25 to 75 percent of legal export figures. The ship of state is floating on a sea of coca dollars.

Since 1976 when the first massive operation took place against drug dealers, 12 large police operations have been carried out. In the last 6 years, 19,000 hectares of coca have been eradicated. In the last 2 years helicopters loaned to the Government by the United States are in use to transport Peruvian police troops and eradicators for anti-drug missions. The number of American agents has tripled to 30 between those who serve in the Upper Huallaga area and in Lima. Their presence in the valley has not only irritated the Peruvian jungle settlers, but also has put their lives at risk because the difference between drug dealers and guerrillas has become increasingly blurred.

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[1] See p. 222 for Mr. Gonzales' prepared statement.

The risks of becoming involved in a counter-insurgency conflict are very high. In the valley the population does not differentiate between American intervention against drug dealing and counter-insurgency. For them it is all the same thing. Since 1988 Sendero has tried to link eradication with land tenancy. The guerrillas preach that "the gringos want to take away our lands."

Of course, this is not true, but nevertheless the peasants believe it. Sendero has offered a $50,000 reward in the valley for the head of any DEA agent. Nothing would make the guerrillas happier than to "internationalize" the conflict so that North American military advisors, or in an extreme case, American combat troops, get involved in the fight, enabling them to exploit this as an example of "imperialistic intervention."

The failure of all anti-drug strategies has created new strategies, such as the proposed massive use of herbicides in the area to eliminate coca plants. Such a strategy would only increase the social conflict. The systematic repression of coca growers fuels subversion. Given limited resources, the question is often asked, who shall be attacked first, the guerrillas or the drug dealers. The army's first objective is Sendero. For the police and the DEA, it is the drug dealers.

In my opinion, it is clear at this point that it is possible to fight only against the guerrillas and not the traffickers, but it is impossible to fight only the traffickers and not the guerrillas. For the Army to effectively fight the guerrillas it is important to have the support of the local population, and to have the support means that the present law against coca growing must be ignored.

Further, the problem is, as in a dog chasing its tail, coca growers must have someone to buy their leaves, that is, the traffickers. In effect, the Army's policy indirectly must rely on trafficking. By fighting the trafficking only—and this is the dilemma of the police—it is impossible to avoid at some point a confrontation with the guerrillas, because eradication and interdiction remain and leave the campesinos without their only source of income. A successful strategy must contemplate a battle on both fronts. If drug trafficking is strongly attacked, the price of coca will drop, and if the guerrillas are fought effectively, respecting human rights, new political vacancies will be created.

It is easy to put all this down on paper, but it is extremely complicated to apply it. In the first place, a successful prohibition operation will be long and therefore costly so that coca growing will stop being profitable. On the other hand, the Peruvian State has lost so much prestige among the population in the area, who have only received abuse from the Government and become more backward at their hands, that to reintroduce its legitimacy will require heavy investment and massive popular support, which this Government does not have available at this present time. The results of either strategy, whether joint or separate, are incomplete. You cannot only offer prohibition and repression to a desperate population. They must also be given hope for a future, and this is probably only possible with successful substitute crops, the cost of which, apparently, nobody is willing or able to bear. And in the meantime, the dollar starved Peruvian economy is going to depend on the trafficking money the country cannot otherwise generate, at least not in the next 15 years.

Finally, to date all the repressive efforts and abuse have been concentrated on the peasant farmers, those immigrants who have managed to obtain, amidst danger and with coca plots of as small as one hectare, a net income of up to $1,500 per year for themselves and their families, which is significantly higher than they would have earned if they had stayed on their original lands to cultivate potatoes or some other crops.

Thank you.

Senator **Nunn**. Thank you very much, Mr. Gonzales. We appreciate your summarization there.

Senator Kennedy I know has to leave and he has a couple of questions, so let me yield to Senator Kennedy.

Senator **Kennedy**. Thank you very much, Mr. Chairman and Senator Roth. You are extremely kind to permit some of us who are interested in this to join your Committee. You have had a very impressive hearing agenda yesterday and today and Friday and I think all of us who are concerned about this issue realize the significance of these hearings and the value to all of us.

I also want to commend your staff, Mr. Chairman, on the development of that report. I think it is an excellent report and should be must reading for all the members of the Senate. The conclusions are rather awesome in terms of what they think can be achieved and can be accomplished, but I hope that Mr. Bennett will have the opportunity to read it as well, because it is clearly well thought out, done by individuals who have the ability to go through this material and reach some important conclusions. So I again thank you for the development of that report.

I welcome our visitors here and our witnesses that certainly help the United States in terms of making these comments. I have two areas that I would like to review with you, Mr. Ambassador, having been the former Minister of Justice, and if the others want to comment on them briefly.

We recognize that the essential chemicals which are used in the processing of these illegal drugs are imported to a very high degree from the United States, the hydrochloric acid, the ether, the acetone—much of that has been manufactured here in the United States. In the Anti-drug Abuse Act of 1988, we imposed rather strict restrictions on exports, and it is gradually getting into place—at the present time, regulations have been drafted. Even so, as I understand, these various chemicals are still showing up in your countries, chemicals that are manufactured here in the United States.

I would hope that we would be able to get a GAO study here in the United States to review and find out how effective these new laws are, and I think that would be very important, just in terms of our own national interest. And then hopefully, if we are going to see the proliferation of these chemicals coming from other countries—I know Brazil has been involved—to insist that these countries aren't going to do business in the United States if they are not going to develop legislation and efforts to restrict the export of their own chemicals to the various cartels and to your countries.

I am just wondering if you as the Minister of Justice would comment about the importance of these chemicals to the manufacturing of these products, from your own information—where you think most of the chemicals are coming from and whether you feel that it is imperative in terms of dealing with this that the countries that are exporting them develop really meaningful kinds of laws to restrict those exports, and whether you have any ideas of what could be most effective. That would be my first question.

Ambassador PAREJO. [Interpreted from Spanish]

Yes, Honorable Senator, I think you have touched upon a point of basic importance. Without doubt it is vital to be able to combat drug trafficking, to have adequate control of chemical substances that are used in drug processing. According to reports that the Government of Colombia has, most of the precursor chemicals come from the United States. A lessor amount also reaches Colombia from Europe. It would seem essential that there be adequate control of these substances. In the Vienna Convention, which was signed last year, in December of 1988, there are provisions in this Convention that oblige and commit governments to establish a control mechanism in the sale and marketing of precursor chemicals. It would seem to me that the development of these provisions at the national level, both in the countries that sell these products as well as in those that import—although most of those chemicals are smuggled into the producing countries—I think that it would be essential to follow-up with those provisions to have success in limiting the production of drugs.

Senator KENNEDY. I appreciate your response. Just one other area, and that is on the growth of the use of assault weapons, particularly by the gangs, the cartels, in Peru and Colombia and Bolivia. The recent newspaper stories point out that over half of all of the weapons now that are being used by Colombian drug traffickers are weapons that are being manufactured or obtained here in the United States.

I am just wondering whether the ability of the drug traffickers to get that kind of firepower increases their ability to terrorize your countries and undermines the democratic institutions to allow them to carry forward their illicit trade, Mr. Ambassador.

Ambassador PAREJO. There is no doubt about that point. A most eloquent example is in our own country, Colombia. As I have mentioned in my initial declaration, drug trafficking organizations have their own armed groups with the most sophisticated and modern weapons to assassinate whoever opposes them, to assassinate judges who prosecute them, and to combat all organizations that oppose their illicit activities.

Weapons that are in the hands of these criminal organizations are more modern and more sophisticated than the weapons that the police and the armed forces of Colombia have used to combat them. So a great service would be rendered to our countries and to the international community if the states, the countries where those arms and weapons are produced, where they are sold without controls, if they exercised more effective control in order to prevent them from going to criminal organizations, as is happening today.

Senator KENNEDY. Thank you very much.

Thank you, Mr. Chairman. There are, obviously, important steps that we are taking, and I would like to assure all of our friends here today that we are, particularly in the recent bipartisan agreement that was reached, committed to an additional emphasis on the demand side to try and deal with our problem here at home; and I would hope that you would realize that there are serious efforts to attempt to deal with that. But I think you have outlined the two areas where we can take steps, and they can be useful steps in terms of dealing with the drug problem, which is of concern to all of us.

I thank you, Mr. Chairman.

Senator NUNN. Thank you, Senator Kennedy.

Senator Roth.

Senator ROTH. Thank you, Mr. Chairman.

Earlier witnesses suggested that we cut off the supply of coca leaves by purchasing that which is grown in Bolivia, Peru and Colombia.

Is that a practical approach? Mr. Gonzalez, I think in your testimony you mentioned that the amount of coca grown in Peru expanded very rapidly. So if we adopted the policy of acquiring all coca so that it wasn't available to the traffickers, would that be an effective step? On the surface it sounds rather attractive, but would it work?

Mr. GONZALES. I don't think it is practical for two reasons. First, if you do that, you would apply a market law in that sense and traffickers will pay more. There is a curious thing. If you see the prices of cocaine in Miami and New York in the last 6 years, they have been dropping from $60,000 a kilo, pure cocaine, to around $15,000 a kilo. But then, if you see the prices of the coca leaf in the Upper Huallaga in those same years, it has been an average, a historical average from $2.50 to $3 a kilo of coca leaf. So the profits are so big that they can pay any price for the leaves.

If you buy the leaves from the campesinos, the traffickers would offer more money, and the campesinos would sell that leaf to the traffickers. If not, what they could do is sell the leaves to the state, to the Government, and with that money go up north in the UHV and have new crops and sell it to the traffickers, so it is double business. The average hectares with coca leaf in Peru are 200,000 hectares, but there are around 2 million hectares in Peru's jungle that could be cultivated with coca leaf.

Senator NUNN. May I follow-up on just that one point, Senator Roth.

Mr. Gonzales, you mentioned in your closing, you posed all the dilemmas of trying to deal with this problem, the narcotics problem, the insurgency problem. Then you say that the only answer is crop substitution.

Wouldn't that answer have the same problem that you just identified? How do you go about having crop substitution?

Mr. GONZALES. Well, any strategy, intelligent strategy, has to contemplate various steps. You have a short term, a middle term, a long term. I think the long term strategy is the substitution. But substitution is extremely expensive, and you have to deal with the economic problems of the country. Peru is going through its worst economic crisis in all of its republican history, not only this century. We are facing a real critical point in our society, so the State is depending so much on the coca money that even if you have a successful substitution in just say 5 years, where is the Government going to get that money they need for just basic expenses, such as importing food?

Senator NUNN. But what I am getting at, why does crop substitution work, because you just said that the narcos can raise the price of the coca leaf so much and still make a profit, how do you get the farmers to participate in crop substitution and stick with it?

Mr. GONZALES. The first step you need is successful interdiction, but a successful interdiction has to be an international operation. I am not talking about this international force, but you have to open very strong fronts, like the war in Colombia right now. How long can that war be sustained? If you can sustain that war in the level that it is working right now for 2 years, the coca leaf prices could drop. And there is an example. A few months ago in the Upper Huallaga Valley, for the first time in history the coca leaf prices dropped by half because of the operations in Colombia and the operations in the border with Mexico.

Senator NUNN. So you have got to get the price down and keep it down and then have crop substitution.

Mr. GONZALES. Exactly, but then you have an interdiction operation for 2 years, which is really expensive. And there are campesinos in the Upper Huallaga Valley that will tell you, okay I would grow corn and not coca leaf, because it is not that risky, and I don't have the risk of police coming and burning all my leaves. But then you have to offer a good price.

Senator NUNN. Thank you, Senator Roth.

Senator ROTH. One of the disturbing facts is that the cartels, through the use of violence and money, have been able to corrupt legal Government organizations.

And you, Mr. Ambassador, when you were Minister of Justice, encountered, as I understand, such threats from the narcotraffickers. What effect did the trafficker actions against you have on your colleagues in the judicial branch?

Ambassador PAREJO. Without doubt, Colombian justice can consider that it has been attacked by this instilling of fear. Fear has been instilled in them. Many judges have been murdered, the assassination of the Minister of Justice, Rodrigo Lara Bonilla, by one of the cartels, the Medellin cartel. A judge that investigated that assassination and who indicted one of the intellectual authors of that murder, Mr. Pablo Escobar, a few days after having indicted him, the judge was murdered on a street in Bogota.

This has been repeated many times, tragically. Many judges have died fulfilling their duty precisely because they have not fallen prey to the corruption of the drug traffickers and have fulfilled their sacred mission of administering justice.

But the answer to your question is yes, they feel intimidated and today the social justice system is less strong, is weaker than it was before the drug traffickers began their organizations.

Senator ROTH. How do we seek to deal with this problem? For example, would you care to comment on the significance of the resignation last week of Justice Minister Monica DeGreiff? If asked, what advice would you give to her successor?

Ambassador **Parejo**. I do not know the details of the resignation of the Minister, Monica DeGreiff. I just found out about it here in the United States when I arrived from Prague where I am now ambassador of Colombia. So I could not give an opinion on the matter. I do not know what were the reasons for her resignation.

But I can say that I personally would advise whoever takes the reins of the Ministry of Justice to have a very deep commitment to the goals of the struggle in which the entire country is involved, and a very serious commitment that would even involve the running of risks for those that are directing these policies.

Any hesitation with regard to the pressing forward of this war in a courageous manner favors and benefits the drug traffickers. We will be successful only as long as we continue to wage this fight with the same tone, with the same effectiveness, with the same steadfastness. If not, we will not be able to defeat these criminal organizations.

Senator **Roth**. Well, that takes, of course, great courage and great strength, and I compliment you for your fortitude.

Is there anything more that this country, the United States, can do to help Colombia in this regard?

Ambassador **Parejo**. Precisely. Minister Monica DeGreiff brought to the United States, by charge of the Government, a request for cooperation to improve the protection and security of judges. This is important. The judges cannot be open, constantly open, to criminal assaults by the drug traffickers. They must be protected. She brought a list of elements, of needs and requirements. It included armored cars, weapons for the escorts who protect them, for their bodyguards, and other security mechanisms that I don't know about. But the total figure, I believe, was $19 million.

The security of the judges must be improved and I think that the United States could give very significant assistance in this field.

Senator **Roth**. One final question, Mr. Chairman, I know the hour is very late, but yesterday we had a proposal for a multinational military or police force to fight the drug cartels. Would you, Mr. Ambassador, or either of the other gentlemen, comment as to whether you think a multinational military force would be desirable.

Mr. Ambassador.

Ambassador **Parejo**. I will be very brief to give the opportunity to my colleagues to give their opinions.

I do not think that a multilateral force would be convenient or advisable. I think what is needed is to strengthen the bodies that each country has for this fight. There is an attitude of mistrust by the countries, by the people in each country, with regard to the commitment of foreign troops, a multilateral group or forces from other countries. So we would lose the support that we need from the population in this fight.

Senator **Roth**. Mr. Secretary.

Secretary **Antezana**. I agree with what the Ambassador has said. I think that in no case would a multilateral force be positive in its action. I agree that we must strengthen the forces that we have in each country with a common purpose.

Senator **Roth**. Mr. Gonzales.

Mr. **Gonzales**. I wouldn't recommend it, either. I would agree with the other two members, but at the same time what I would say in terms of a multilateral force is a need to have the sharing of good intelligence information between especially Colombia and Peru, for example. If an average of five Colombian airplanes a day, or before this war, used to land in Peruvian clandestine airstrips, nobody knows really where those airplanes loaded in Colombia. There must be an organization, because when the planes go to Peru they take from 30 seconds to 2 minutes to load the drugs and take off, so there is really preparation. The people with the drugs are expecting the planes, the planes are leaving from someplace and nobody really knows which is the relation between the Colombian so-called "cartels" and Peruvians so-called "firms" in the Upper Huallaga Valley. They work like branches in that sense. And there is no really strong information.

Senator **Roth**. So we obviously need better intelligence gathering and sharing.

Mr. **Gonzales**. Exactly, and the sharing between Colombia and Peru, that is the case I know.

Senator **Roth**. Thank you, Mr. Chairman.

Senator **Nunn**. Thank you, Senator Roth.

Mr. Gonzales, you have interviewed some of the members of Shining Path, as I understand it, is that right?

Mr. **Gonzales**. Yes.

Senator **Nunn**. Could you tell us a little bit about that? What kind of individuals are these? Are they dedicated Marxists, are they following the Chinese model, are they following the Soviet model?

Mr. **Gonzales**. Well, they are basically Maoists, orthodox Maoists. They claim they are the only legal successors to Maoism in the world, and they say they are leading a world revolution. They are peasants by day and guerrillas by night. Now they are getting more power, especially in the UHV because of the drug money they are getting from there and because of the support of the population.

But I wouldn't say that, as the official position is in my country, that there is a narco-terrorism in the Upper Huallaga Valley. I think it is more complex than that. I think that the Shining Path have an alliance with the campesinos in the UHV, but they have a modus vivendi with the traffickers. What the guerrillas do in the valley is to be a referee on the contradictions between the campesinos, the police, and the traffickers.

And it is hard to say who they are in the valley, almost everybody, because Shining Path now are the only ones besides the traffickers that stand for the trafficking business. Now the Shining Path is organized even in Tingo Maria, the major town in the valley, block by block. The last time we were there and we got an interview with one of the political members of the Shining Path, they knew at what time we arrived, they knew at which hotel we were, in which room, at which time we leave the hotel, who we talk with and everything. I mean, they really have an important intelligence apparatus there.

Senator **Nunn**. Are they based with low income people as the heart of the support, or it is a middle class movement? What kind of a movement is it?

Mr. **Gonzales**. Well, it depends. What makes Shining Path complex is they have a rare interpretation of Maoism. They say that they have a central strategy but decentralized tactics. So what they would do in Lima is different from what they would do in the Andes, or what they would do in the jungle. In the jungle, they have massive peasant support, but they are a more low class movement, people with no money, with no land, with a strong feeling of not belonging to nowhere, you know, immigrants from the Andes to the cities that didn't find jobs or a decent kind of living.

Senator **Nunn**. Do you think the Shining Path movement is growing and has got the momentum now, or is the Government basically making progress? How do you assess the possibility of them actually taking over the Government?

Mr. **Gonzales**. I don't think they will take over, but at the same time it is true that they have been growing. According to official statistics, around 5,000 guerrillas have been killed since 1980, but now they are taking control of one-third of the country in geographical terms. So if the Army, has killed 5,000 of them, how come they have so much power? Because they are growing, because we have an economic crisis that is boosting its power among the poor populations. And as I said, around a third of the country is controlled by them, and in that third part of the country half of the population lives. That includes Lima, where they do not control the capital, but have strong influence in the shanty towns.

And the other thing is that by fear they forced around a third of the mayors of the country to resign, so a third part of the country has no authorities at all. I don't think they can take power because they don't consider in their Maoist orthodoxy the international context. Our neighbors wouldn't permit such an orthodox Government in Peru, and they will export the revolution, that is what they say. But I think that if they grow up too much and too fast what they can cause is a military coup, or a military reaction that could be real bloody.

Senator **Nunn**. Where are they getting their support from in terms are they getting outside support?

Mr. **Gonzales**. No, I think their strength is based on what is one of its main philosophies: if they would depend on foreign support, at some point that foreign support could be conditioned to some political decisions, so they say that they have to depend on domestic things so they can have a "long march." It could take us 50 years to be in power, it doesn't matter. And you see that. When you see the weapons, they use, for example, you see very old rifles, they attack police stations and steal the weapons, they use dynamite a lot. Peru is a mining country, so there are small mines spread all over the mountains. They just go into the mines and take the dynamite.

Senator **Nunn**. Your testimony is basically that the Government and the army and the police are going to have to fight both the drug traffickers and the guerrillas, it is not one or the other, is that right?

Mr. **Gonzales**. Yes. You have to fight both of them, because the army has been fighting only the guerrillas, but to fight only the guerrillas is to accept the trafficking. Because you have to say to the population, okay, you support us in fighting the guerrillas and we don't bother you with the coca leaf business, and the same to the traffickers.

Senator **Nunn**. And in the long term you are saying that some crop substitution program is going to have to be put into effect, combined with holding the price down so farmers will stay in those substitute crops, is that right?

Mr. **Gonzales**. Exactly.

Senator **Nunn**. Mr. Ambassador, you have been through quite a hardship yourself as the victim of terror, in effect, when you were Ambassador to Hungary. I don't want to get into great detail unless you are willing to share with us that experience, but could you tell us what happened, in general terms, to you and why you think it happened?

Ambassador **Parejo**. Well, I became Minister of Justice to replace Dr. Rodrigo Lara Bonilla right after he had been assassinated by the cartels. He was assassinated by the cartels because he was leading a very strong fight against their illicit activities. After a series of threats, they were able to kill him in one of the streets of Bogota close to his home.

When I was called to take over the Ministry, I thought that it was impossible to reject that request, because somebody had to continue the fight that Lara Bonilla had begun with such strength and courage. So I thought that in spite of the risks, I should assume that responsibility.

Well, I continued as I could, continued the fight. I used the tool of extradition, because even if philosophically you disagree with extradition, in extremely grave conditions as those that our countries are under now, I think that we should use juridical mechanisms which are internationally valid and have been used positively in the struggle against organized crime.

This caused the cartels who had been affected by the government measures, to first threaten the Minister and then prepare a series of plans to assassinate me. They were not able to do so in the 2½ years that I was in the Ministry. They were unable to make attempts against me during those 2 years, but they were able to, when I was Ambassador to Hungary. How they came, how they followed me, I don't know, but they did. They found the appropriate time to shoot at me. The timely intervention of physicians and the assistance of the United States—and I would like to say this publicly—the United States facilitated the use of its medical facilities in Germany, saved my life.

Senator **Nunn**. Has anybody been arrested or charged with the attempt on your life, or has anyone been arrested and prosecuted for the assassination of your predecessor as Minister of Justice in Colombia?

Ambassador **Parejo**. Yes. An indictment was issued against Pablo Escobar, as I said before, but they were not able to make that effective. Another judge continued that investigation and the only person who was indicted and prosecuted was one of the hired gunmen. He was the one that shot Lara Bonilla from a motorcycle.

So he is paying a penalty, but he was the tool, the instrument, the intellectual authors have not yet been prosecuted.

Senator NUNN. Mr. Secretary, you mentioned in your job a crop substitution. Do you have the resources, or do you have any plans to gain the resources that would enable you to carry out that crop substitution? You mentioned a very large amount of money.

What are your plans for getting the resources that you have described as being required to carry out your job?

Secretary ANTEZANA. I have said that we already have the integrated plan of development and substitution. It not only includes the producing areas, they are quite fragile as terrain and they have limitations for agriculture because of the soil. So this is why we speak of alternative development, to go to the areas from which the migrant population came and to strengthen those areas by developing and then stop the migration of more peasants to the Chapare area.

We are developing this plan in greater detail. We have identified the areas that are sending populations to the Chapare. We are talking about areas at the north of Potosi and the Upper Valley of Cochabamba. As I said in my testimony, we have established that this would cost about $630 million and it covers all alternative development. We are not only limiting this to the agricultural sector, but to all that rural development encompasses.

Senator NUNN. Is that a 5 year plan, the $630 million, 5 years?

Secretary ANTEZANA. Yes, 5 years.

Senator NUNN. Mr. Gonzales, you mentioned a similar kind of effort in Peru being necessary, and you mentioned it would be very expensive. Do you have any ballpark approximation of how much that would cost?

Mr. GONZALES. Well, the Government is saying now that they would need around $600 million for the beginning of a successful interdiction and substitution plan.

Senator NUNN. Is that for 1 year or is that for 5 years?

Mr. GONZALES. I think it is for the first year. I don't know where the Government got the figure, they just said that.

Senator NUNN. Right. I want to thank all three of you for being here today and thank you your contributions to this major, major problem affecting our nation and threatening our society and also threatening Peru, Bolivia, and Colombia.

Thank you for your help and we would welcome any additional comments you may have later. We will keep the record open. Thank you.

Our next hearing will be on Friday morning and we will be back in this room. We will have two panels that morning, one of them will be Gustavo Gorriti from Peru joined by Dr. Bruce Bagley from the University of Miami. Also we will have a panel from the State Department and the Defense Department.

[Whereupon, at 1:35 p.m., the Subcommittee was adjourned subject to the call of the Chair.]

U.S. GOVERNMENT ANTI-NARCOTICS ACTIVITIES IN THE ANDEAN REGION OF SOUTH AMERICA

FRIDAY, SEPTEMBER 29, 1989

U.S. SENATE,
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS,
COMMITTEE ON GOVERNMENTAL AFFAIRS,
Washington, DC.

The Subcommittee met, pursuant to notice, at 9:05 a.m., in room SD-342, Dirksen Senate Office Building, the Hon. Sam Nunn (Chairman of the Subcommittee) presiding.

Present: Senators Nunn, Kohl, and Lieberman.

Staff Present: Eleanore J. Hill, Chief Counsel; John F. Sopko, Deputy Chief Counsel; Mary D. Robertson, Chief Clerk; Harold B. Lippman, Investigator; Cynthia Comstock, Staff Assistant; Daniel F. Rinzel, Minority Chief Counsel; Carla Martin, Minority Assistant Chief Clerk; Robert Harris (Senator Glenn); Aaron Bayer (Senator Lieberman); Bev Anthony (Senator Kohl); Anne Lewis (Senator Levin); Kim Corthell (Senator Cohen); Eric Whitaker (Senator Rudman); Tom Maertens (Senator Cohen); and Michael Hacker (Senator Lugar).

Senator NUNN. The Subcommittee will come to order.

We are going to begin this morning with the staff statement, and we will ask John Sopko and Hal Lippman to please rise and take the oath. We swear in the witnesses before the Subcommittee.

Do you swear that the testimony you give will be the truth, the whole truth, and nothing but the truth so help you God?

Mr. LIPPMAN. I do.

Mr. SOPKO. I do.

Senator NUNN. We are pleased to have our capable staff here this morning. They have done an enormous amount of work in looking at the drug situation in the three countries that we have been focusing on in these hearings. They have been down there on several occasions. John and Hal, we are proud of your work in putting together this comprehensive report and also in making this hearing possible. So we will ask you to basically summarize your findings and we will put your entire statement in the record without objection.

TESTIMONY OF JOHN F. SOPKO, DEPUTY CHIEF COUNSEL, PERMANENT SUBCOMMITTEE ON INVESTIGATIONS, COMMITTEE ON GOVERNMENTAL AFFAIRS, U.S. SENATE, ACCOMPANIED BY HAROLD B. LIPPMAN, INVESTIGATOR

Mr. SOPKO. Thank you, Senator. I think Hal will give the staff summary.

Mr. LIPPMAN. From February 20, 1989 through March 7, 1989 the staff of the Permanent Subcommittee on Investigations traveled to Colombia, Peru, Bolivia and Panama to examine, firsthand, joint United States/source country anti-narcotics operations presently being conducted and to meet with concerned U.S. and source country officials regarding these efforts. These same Subcommittee staff returned to these countries, with the exception of Panama, between August 7, 1989 and August 18, 1989 in order to update the information obtained previously.

During these trips we talked with United States and source country officials, traveled extensively to see the environment in which anti-drug operations take place, and accompanied United States and source country anti-narcotics police forces on interdiction operations against clandestine labs and other drug processing facilities.

After completing our initial trip, we concluded that there appeared to be little cause for optimism regarding our Andean country anti-narcotics efforts. Among the key reasons for this were:

One, the governments and people of Colombia, Peru, and Bolivia are and will continue to be necessarily preoccupied with issues—such as major insurgencies, extreme economic crises and political instability—of far greater import to their countries than drugs; two, the literal geographic vastness, remoteness and cross-border nature of the areas in which cultivation, processing and trafficking take place; three, political and underlying economic realities that make it highly improbable that measures with great immediate potential—for example, aerial herbicide spraying, direct involvement of U.S. military forces, et cetera—will ever be acceptable to the concerned host country governments; four, the inherent nature of our efforts—that is, that we essentially have to get untrained, ill-equipped and often unmotivated local anti-narcotics forces to do the oftentimes sophisticated tasks involved in interdiction and eradication activities; five, the inherent limitations on the use of deadly force by either U.S. military or DEA personnel against traffickers; and six, the extremely disruptive effects—for example, significant delays in forward base construction, a diminution of operational capability and effectiveness owing to problems with communications, intelligence and logistical support—which stem from problems of cooperation and coordination in the management, planning and implementation of our policies and programs.

That was our first trip, Senators, and it was rather grim. The follow-up trip provided a little bit more reason for optimism, since we found that significant changes had taken place and some of the key problems encountered in our previous visit had been corrected or were in the process of being corrected.

For example, in Bolivia, DEA has developed and is implementing a new strategy, which constitutes a major departure from the approach we had seen in March. This new approach focuses on specific trafficking groups, in contrast to the former strategy, which focused on the bottom rung of the cocaine production process, thereby affecting the campesinos most and the traffickers least.

In Peru, significant progress in the arduous task of completing and hardening the forward operating base at Santa Lucia had been made; so much so, that we were informed that anti-drug operations in the Upper Huallaga Valley, which had been suspended for security reasons since February, were about to be recommenced.

Finally we were told by U.S. officials that drafts of the President's national drug control strategy included a specific plan for the Andean countries and that this proposed plan called for a major increase in resources for our anti-drug efforts in that region.

While the difficulties we face in our source country anti-narcotics efforts remain great, the combination of the changes that have and are taking place in the programs presently underway, the President's Andean initiative and the recent events in Colombia—which prompted dramatic changes regarding extradition and seizure of trafficker assets that were not deemed possible as late as the last day of our second trip—led us to believe that there are grounds for some optimism regarding the future.

As several United States and Bolivian officials said to us while we were in Bolivia, "We believe we can make a difference."

Thank you.

Senator NUNN. Thank you very much, Mr. Lippman.

Mr. Sopko, we know that you went along and were very much a part of this investigation. We have focused a great deal on the drug fighting situation, but we have also focused a great deal in these hearings on the economic framework within which those efforts are taking place, both by the governments in the countries and also by our own agents.

Do you have any observations about the overall economic situation in Peru, Bolivia and Colombia and the relationship of that to the drug effort?

Mr. SOPKO. Senator, it was brought home to us in almost every country we visited that the problem of cocaine production, or coca leaf production, particularly in Peru and Bolivia, cannot be viewed in a vacuum. It has to be viewed in terms of the economic situation, which is quite severe in that region, and particularly severe in Peru, which is suffering from hyper-inflation.

Just to cite as an example, Senator, when we were there in February I believe the Peruvian INTIS to the dollar exchange was about 2,800 INTIS—which is the local currency—to the dollar. When we came back in August, I think it was approximately 3,500 or 3,600 INTIS to the dollar; and we have heard since then it is over 4,600 INTIS to the dollar. This gives you an indication of one of the economic problems they are facing.

Bolivia, on the other hand, people told us, has "bitten the bullet" to stop the hyper-inflation of 5 years ago. But in the process, they have thrown a number of employees out of work and I think their entire unemployment rate is about 20 percent. So the economy is a very important issue down there and everyone told us, both host country as well as our own embassy people, that for a successful interdiction or eradication program to work you have to emphasize the economic development in those countries.

Senator **Nunn**. Did you find any effort by the United States when you were there, or did you get into it very much, to help in the economic problems facing those countries? In other words, what did you run into from our embassy team, what did you run into as far as U.S. efforts to help develop an economic strategy along with the drug strategy?

Mr. **Sopko**. There are indications that there is an economic strategy by the State Department down there. However, it is limited. Basically it is limited because of budget restrictions. The amount of economic aid going to those countries has remained relatively stable over the years and is very inconsequential in comparison to our entire foreign aid budget. That was one fact that was brought home to us.

In addition, there were concerns raised by some of the officials of the U.S. embassies we visited that we did not have a regional plan or strategy that looked at the entire region including some of the countries around these three Andean countries. You have to recall that Bolivia, from the map, you have Brazil very close, you have other countries around it, where coca production could easily move into. Therefore, you are going to have to look at that entire region, not just Peru, Bolivia and Colombia. That was a particular point raised when we talked to AID personnel in our embassy in Lima—that there has to be a grand strategy down there.

Senator **Nunn**. Is there any evidence there is much coca grown in Brazil or Argentina or Chile?

Mr. **Sopko**. Not in Chile, Senator, but we were told by General Zarate of the Peruvian Narcotics Police, as well as by DEA agents, that there is an increase in coca—not production, but in cocaine laboratories along the Brazilian-Peruvian border, and also the Brazilian-Colombian border. That seems to be where there is evidence of HCL or hydrochloride labs being set up. These are very sophisticated labs. As a matter of fact, we saw some pictures taken by the Peruvian police, I believe, of a particular lab that they discovered along the Brazilian-Peruvian border and it looked like something that would come from an American chemical factory. It was extremely sophisticated with metal cracking towers and the use of steel girder construction in the buildings. This wasn't something put up with just loose boards and timbers. It was a highly sophisticated lab with most of the equipment coming from Germany, Western Europe as well as from Brazil.

Mr. **Lippman**. Senator, can I briefly supplement what John said about your question on economic development. When we were there in February, we typically heard from people we spoke with that the solution was in interdiction and eradication. When we got back down there in August, we heard that the strategy must include interdiction, eradication, and "economic development". So, the changes are very recent and appear to be rather dramatic.

Senator **Nunn**. Good. Senator Kohl, we just had a staff report here, and we have put the entire report in the record. They have summarized it. So we really are asking questions regarding the staff's two trips to the Andean region.

Senator **Kohl**. Thank you, Senator Nunn. I would like to see if we couldn't quantify the value of the coca crop in the Andean countries to the farmer. The Peruvian ambassador in his testimony pointed out that, first Peru is apparently the biggest producer of the coca leaf; and secondly, in the biggest valley the coca leaf had a $234 million value to the farmers.

Do you have any idea in the three producing countries what the total value of the product is to the farmers?

Mr. **Sopko**. Not with me, Senator. But can I just preface my response by stating that like in the rest of the drug arena, figures are very loose and very hard to come by. We heard estimates of hectares under production ranging from, I think, a low of 20 thousand hectares to a high of approximately 300,000 hectares in the Upper Huallaga Valley. In Bolivia we heard the same range. When you are talking about the value, it is hard to quantify because all of it is based upon hectarage under cultivation. What does that hectarage turn into when we talk about coca leaf, and then what does it turn into when we get into the HCL product. So it is difficult to actually put a price on it.

I don't have the statistics with me, Senator, but we were provided statistics from the Bolivian Government on the actual going price for the leaf in Bolivia, and we can provide those. That gives you some idea of what the official price is for the leaf, but the unofficial prices, we really don't have a good handle on, Senator, so it is hard to estimate what that cost could be.

Mr. **Lippman**. Senator, could I just add, those estimates of what it would cost to buy the crop, once you start adding the overhead costs that would follow the implementation and the actual doing of it—how you would follow through, how the payments would get there, who would give them, who would monitor what was going to happen thereafter—it would probably go 10 times as high.

Senator **Kohl**. Why?

Mr. **Lippman**. Simply because when you are trying to do this kind of a thing, it requires a system to get the leaf in the first place, then it requires somebody to administer the program and watch what is happening after the leaf is bought. It requires an economic development program, because what are the growers going to do if they don't have the leaf over the long run, i.e., how are they going to make a living? I was having a conversation about this whole matter with one of the experts who is supposed to testify this morning.

Senator **Kohl**. Is that person coming back here? Did you say someone is going to be here this morning?

Mr. **Lippman**. We hope so.

Senator **Kohl**. One of our witnesses?

Mr. **Lippman**. We hope so, and you should raise that question with him.

Senator **Kohl**. All right, thank you. Thank you, Senator Nunn.

Senator **Nunn**. Thank you very much, Senator Kohl.

I want to thank you, John and Hal, for an excellent job and, without objection your entire report with additional exhibits will be made part of the record.[1]

Mr. **Sopko**. Thank you, Senator.

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[1] See Exhibit 11 on p. 280. Exhibits 12-15 have been retained in the Subcommittee files.

Senator NUNN. I believe that our witnesses have arrived now and I will ask them to come up and take a seat.

I want to make a brief announcement here while they are taking their seat. We have Mr. Gustavo Gorriti, who is a journalist and political analyst in Lima Peru, and Dr. Bruce Bagley, Associate Professor, Graduate School of International Studies, Director of Andean Studies Project, University of Miami, Coral Gables, Florida. Gentlemen, we welcome you this morning.

We are going to swear you in in just a minute, but I want to make an unrelated announcement. We have been working on a matter for about a year on the Subcommittee and we are releasing a comprehensive report on that today.

The Subcommittee today is releasing a study completed by the staff on allegations of impropriety within the Department of Justice in connection with the procurement of the PROMIS computerized case management system developed by INSLAW, Inc., In late 1987 the Subcommittee received allegations from officials of INSLAW, Inc. that high ranking officials within the Justice Department had engaged in a conspiracy to destroy INSLAW in order to personally and financially benefit a third party corporation controlled by an alleged friend of then Attorney General Edwin Meese.

In addition to these allegations, the INSLAW officials presented the Subcommittee with a recent decision of the U.S. Bankruptcy Court for the District of Columbia in which the Court, in a sharply worded decision had found that the Department, "took, converted, stole . . . by trickery, fraud and deceit," certain computer software which had been developed by INSLAW.

In response to this and other rulings of the Bankruptcy Court and in light of the serious nature of the allegations made by INSLAW, as Chairman, after consultation with the Ranking Minority Member, Senator ~~Roth,~~ and several other members of the Subcommittee, I directed the staff to conduct an investigation of INSLAW's allegations. This direction was given pursuant to Rule 25 of the Standing Rules of the Senate and Senate Resolution 381, which authorizes the Subcommittee to investigate, among other things, the efficiency and economy of operations of all branches of the Government, including the possible existence of fraud, misfeasance, malfeasance, collusion, mismanagement, incompetence, corruption or unethical practices.

The study which the Subcommittee is releasing today represents over a year's worth of effort by the staff and involved the review of tens of thousands of pages of documents and the interview or deposition of over 50 individuals.[1] On the basis of its investigation, the staff reports that it found no proof of a conspiracy within the Department or between the Department of Justice and outside parties to destroy INSLAW for the financial or personal benefit of Department officials or outside parties.

The staff study stresses, however, that the absence of a broad conspiracy within the Department does not absolve the Department of the serious implications of the Bankruptcy Court's findings. One of the Court's major findings was that the Department ignored the potential for a conflict of interest in its hiring of the PROMIS project director and then, after receiving allegations of bias on his part, failed to take action to properly investigate them.

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[1] Exhibit 16 may be found in the file of the Subcommittee.

The staff study finds that while such action does not constitute a conspiracy of the type alleged by INSLAW, it does suggest that the Department permitted personal bias to become a factor in the handling of a Department contract without any visible effort to check or oversee that bias.

The staff study concludes that when the Department, for whatever reason, allows that kind of situation to persist it opens the door for the kinds of allegations that eventually arose in the INSLAW case and which ultimately can seriously undercut the Department of Justice's integrity in the public eye.

The staff study is also critical of the Department for its lack of cooperation with the Subcommittee in our investigation. In the staff's view—and I certainly concur in this view—the Department's intransigence on certain issues resulted in substantial delays and seriously undercut the Subcommittee's ability to interview in an open, candid and timely manner all those Department employees who may have had knowledge of the INSLAW matter.

The irony here is if we had had cooperation from the Justice Department we would have reached this conclusion of no conspiracy many months earlier. There would have been a whole lot less articles, there would have been a lot less news reports. So in their intransigence they basically hurt their own cause.

The staff also reports that in requiring Department attorneys to simultaneously represent both the Department and individual employees in this investigation, the Department violated basic principles of conflict of interest in the attorney/client relationship. We certainly expect a higher standard of sensitivity by our Department of Justice.

On the basis of its investigation, the staff has made a number of recommendations which call for the re-examination and re-evaluation of certain programs and policies within the Department of Justice.

On behalf of the Subcommittee, I want to thank the Subcommittee staff for its efforts in this matter. I also want to thank the minority staff of the Subcommittee, as well as staff members for Senator Cohen and Rudman, all of whom worked closely with the majority staff on this investigation.

Without objection the entire study will be accepted as Exhibit 16 and will be available in the Subcommittee files.

Senator NUNN. Now back to our hearing of today.

Mr. Gorriti and Dr. Bagley, we are delighted to have you here. We will ask you to stand and take the oath. We swear in all the witnesses before our Subcommittee.

Do you swear the testimony you give will be the truth, the whole truth and nothing but the truth, so help you God?

Mr. GORRITI. I do.

Dr. BAGLEY. I do.

Senator NUNN. Mr. Gorriti, we know you have extensive background in this overall area have been involved in in terms of hearings this week as a journalist and author from Lima, Peru. You have covered drug issues and the Shining Path insurgency for the United States, Peruvian and Latin American newspapers and periodicals, and you have traveled often and extensively throughout

Peru to interview those involved in the so-called coca economy, peasants, traffickers and Shining Path guerrillas.

So we are delighted to have you with us this morning and I know you have an opening statement, and then we will hear from Mr. Bagley and we will come back and ask both of you questions.

TESTIMONY OF GUSTAVO GORRITI, JOURNALIST/POLITICAL ANALYST, LIMA, PERU

Mr. GORRITI. Thank you, Senator. My name is Gustavo Gorriti. I am a Peruvian journalist who has been researching and writing about the impact of cocaine trafficking on my country since the early 1980s. I have been asked to speak about the strategic role that Peru plays in U.S. anti-narcotics efforts concerning the Andean region, as well as to assess the impact of what is happening now in Colombia on Peru and Bolivia. Accordingly, I am going to discuss several points.

What has the cocaine trade meant for Peru, Bolivia and Colombia? What are the most important differences, in that context, between Peru and Bolivia and between both and Colombia? What have been the results of the anti-drug strategy in Peru up to September 5? What are going to be, in my opinion, the likely results of President Bush's new anti-drug strategy in Peru? And lastly, what could, in my opinion, be done in order to expect better results?

The impact of cocaine trafficking on Peru, Bolivia, and to a large extent Colombia, could be summarized as being an economic revolution disguised as a police report. The illegal nature, or the criminal nature, of narcotics trafficking is quite evident, but it is part of a wider phenomenon. For both Peru and Bolivia, which produce about 90 percent of all the coca leaves that will eventually be converted into cocaine, and for Colombia, drug demands induced nothing less than an economic revolution for these countries. It has cut through ideological divides, becoming a thriving underground force in the Hemisphere, engineering an efficient transnational operation of primitive capitalism, which directly involved whole collectivities in the source countries and the entire nation in an indirect way. Anywhere from one to one and a half million people became directly employed in the cocaine process and many more, while not directly employed, came to be dependent on it for a substantial part of their legal or semi-legal businesses.

It is in the coca and cocaine paste producing countries, Peru and Bolivia, where greater numbers of people are involved in the coca economy. This has occurred despite the fact that very little cocaine trafficking money is made in Latin America. Yet, if only a fraction of the estimated $20 billion that are spent annually in the United States on cocaine makes its way to the source countries, what gets there is enough to make cocaine the single most important export in the Andean area.

In Bolivia cocaine exports are probably greater than all legal exports put together. In Peru where the value of cocaine exports is estimated to be around $1.5 billion a year, legal exports are worth about $3 billion a year. For both countries, Peru and Bolivia, the illegal cocaine trade became the most important growth industry in the context of weak and deteriorating legal economies. Bolivia is in a better position now, thanks to the sensible fiscal policy of former President, Paz Estenssorro, after surviving a disastrous case of hyperinflation, followed by the collapse of the world price of tin. But its legal economy is still very weak.

Peru, my country, is unfortunately undergoing one of the most severe economic crises in its history. Beset by hyperinflation, plummeting GNP and a growing insurgency, the future looks indeed bleak. Our source of hope being the fact that next year's general elections will provide a much needed change of leadership and perhaps strengthen our besieged democracy in the process. But I think that it is no exaggeration to say that both the Peruvian and Bolivian economies have become progressively dependent on the coca income.

Colombia, on the other hand, while being the industrial and commercial center of the cocaine trade has a relatively healthy legal economy and both the social base and the specific economic weight of narcotics trafficking are smaller than in either Peru or Bolivia. Therein lies perhaps a certain vulnerability of the cocaine mafias, which they are trying to offset by the use of aggressive terror tactics and by exploiting the historical weaknesses of Colombia's elites.

The impact of the cocaine trade in Bolivia and Peru also has, despite the obvious similarities, some important differences too. Bolivia is getting, although slowly, in better economic shape. Peru is getting in worse shape. Bolivian "cocaleros" are much better organized than their Peruvian counterparts, which makes, after all, peaceful conflict resolution more likely. Bolivia is still a peaceful country, being insurgency free for now. Peru confronts one of the world's most committed and ruthless insurgencies, which already poses a major threat to the country.

Taking that context into account, I will examine first the United States directed anti-cocaine strategy that was applied in Peru until this year and its result. Then I will review the new anti-drug strategy enunciated by President Bush as it applies to Peru, and its likely consequences for the country.

From the beginning, the U.S. Government anti-cocaine strategy ignored the centrality of the drug trade in the Peruvian economy. It approached coca cultivation as essentially a criminal problem to be dealt with by capturing and incarcerating its perpetrators and destroying their assets. That outlook was imposed on the governments of the supply countries, which did not resist it, and the different Peruvian regimes were no exception in that respect.

The failure of this approach is evident. No judicial or law enforcement system in the world can suppress an activity in which whole societies and national economies are engaged. Crime-busting measures can be effective against a small proportion of a population which breaks the rules that a majority follows, but when a substantial proportion of the population is engaged in an illegal activity and the economy of the country depends on its success, the prosecutorial approach becomes part of the problem.

That is what happened in Peru. The government alienated the population of the targeted areas, mainly the Upper Huallaga Valley, and lost authority over them. At some point it unwillingly helped to bring together the 2 different wars Peru faces, the Shining Path and the cocaleros, and then it lost both.

With a keen sense of opportunity, the Shining Path moved decisively into the Upper Huallaga area in 1987 and in a short time gained control over a substantial area. They made a tactical distinction between coca growing peasants and drug traffickers, and purported to defend the former from the latter and from the Government. As a result, for the first time counterinsurgency and anti-drug measures became intertwined.

Other problems were no less serious. A paradoxical result of rigid laws against drug trafficking was explosive growth of Government corruption, especially among police and the judiciary. The extent of corruption gave sometimes a surreal twist to the very idea of law enforcement. It certainly increased the alienation of the coca planters who accurately identified the Government forces as predators competing with the enforcers for the drug traders.

From early this year and despite some limited and short-lived tactical gains, it was evident that the Shining Path had won control over most of the Upper Huallaga Valley, managing to harness purely capitalistic forces of the cocaleros for its purely orthodox, fundamentalist Maoist goals. In February, then-U.S. Ambassador Alexander Watson ordered all anti-narcotics actions involving American personnel in the valley stopped until the security situation improved. The security situation, as could be expected, only deteriorated. The Peruvian Army was then called in and it also made, in order to try to stem the growth of the Shining Path, a tactical distinction between cocaleros and the Shining Path. With that approach it was able to make only a very limited progress in the more prosperous areas of the Upper Huallaga.

Enter President Bush's new anti-cocaine strategy. In the new scheme of things, Peru, the source of as much as 60 percent of all the coca leaves that are converted into cocaine worldwide, is to receive an American contribution for the joint anti-drug effort amounting to about $70 million, or about 0.8 percent of the $7.9 billion of the 1990 U.S. Federal drug budget. Most of that sum will be earmarked for military assistance—about $40 million and for law enforcement—$26 million, which will be used mainly for police paramilitary operations. It also provides for intelligence assistance—$4 million, and a very small amount—$3 million, for economic assistance.

The emphasis on military assistance reflected the dramatic deterioration of the security situation in the Upper Huallaga. Under the new plan it is hoped that the Peruvian armed forces will regain a level of control that will enable the police to carry out actions against jungle labs and clandestine airstrips without running into potentially disastrous armed confrontations with the guerrillas.

This new approach will try to couple counterinsurgency with anti-coca activities. It ignores that in the context of the coca-producing areas, especially in the Upper Huallaga, counterinsurgency and coca busting are contradictory activities, if the latter is not carefully planned with the social realities it has to address in mind.

In practice, the Peruvian Army's approach has been, as I have already said, to try to drive a wedge between the guerrillas and the coca farmers and traders. This means that any progress achieved in counterinsurgency would necessarily limit anti-narcotics actions. Yet it is to facilitate anti-coca activities that the military will get most of the American funding available for Peru.

Obviously, the U.S. diplomats in Peru will try to exert leverage on the armed forces to have them change their counterinsurgency approach for one that allows intensive anti-narcotics actions. Probably they will partially get their way and everybody except the Shining Path will be made perfectly unhappy. When confronted with poor strategies, reality comes back with a vengeance. Violence will escalate over its current levels and nullify whatever short term results are achieved.

Clearly, the main flaw of the new U.S. anti-drug approach in Peru is that it rests on a punitive approach and the economic assistance is less than an adjunct to it; just a microscopic carrot. This is hard to understand because it only makes elementary sense that an intelligent anti-drug strategy should first address the economic aspect. It should try to offer real, viable alternatives to the coca economy, using police or military repression only as adjuncts to the main strategic thrust.

The main arguments used against an economic-oriented drug strategy focus on its cost and the uncertainty of the results. If compared with the current strategy for the Andean countries, a program of improving the legal economies certainly would be costly, as it would require at least a ten-fold increase in the amount of money now invested in the region, but it would still be one of the cheapest war efforts in history. As for effectiveness, it would have a much better chance than either the former eradication-centered or the current repression-oriented approaches.

If the political will is lacking to commit the necessary resources for an economic oriented approach, then I think that the producing countries shouldn't be pressured, especially when, as is the case of Peru, they are in a position of critical weakness, to take courses of action which in the intermediate and long run might prove harmful for all, but especially for Peru.

Violence in the Upper Huallaga and in the rest of Peru is potentially much worse than the violence now rending Colombia. In Colombia you have a confrontation between rogue capitalists and the system. There are no fundamental social, ethnic or religious conflicts, so in spite of the current bloodletting, assimilation of the narco-elites in the span of one or two generations is the likely outcome.

In Peru, the Shining Path's inflexible goal is absolute power through military victory in order to execute an absolute revolution. The coca conflict is for the Shining Path only an instrument for achieving that goal. But, it is using that instrument with dexterity, capitalizing on the repeated mistakes of the Peruvian and American governments.

Summing up, I would say that in the case of Peru, the only sensible anti-cocaine strategy is one that involves strengthening the legal economy of the country, and specifically of the coca producing areas, in a way which is linked with attacking and weakening by direct and indirect means the cocaine trade. On the other hand, the eradication and repression-centered approaches are harmful and potentially very dangerous for the country, Peru, and in the long run, for the Andean region as a whole.

Thank you, Senator.

Senator NUNN. Thank you very much, Mr. Gorriti.

Dr. Bagley, we are delighted to have you and we will come back with questions after you give your testimony.

TESTIMONY OF BRUCE M. BAGLEY, PH.D., ASSOCIATE PROFESSOR, GRADUATE SCHOOL OF INTERNATIONAL STUDIES, DIRECTOR OF ANDEAN STUDIES PROJECT, UNIVERSITY OF MIAMI, CORAL GABLES, FL

Dr. BAGLEY. Thank you. My remarks are going to focus primarily on Colombia.

The shocking assassination of Luis Carlos Galan, a Liberal Senator and leading presidential candidate, last month dramatically highlighted the price in blood that Colombia is paying for its participation in the international war on drugs. The reason that Galan and hundreds of others in the government, party, judicial, police, union, peasant, civic organizations in Colombia are dying or have died is because the Colombians are fighting back and fighting back very hard against the drug lords.

President Virgilio Barco Vargas is a courageous and resolute leader in the war on drugs in Colombia, which has been very costly, not only the terms of Colombian lives, but also in treasure and institutional stability. Unfortunately, in the 1980's the United States has not proven to be a consistent or generous ally in the war effort. While publicly trumpeting its hardline anti-drug strategy, in practice the Reagan Administration repeatedly indulged in counterproductive rhetorical denunciations and scapegoating against Colombia and other Andean countries and systematically underfunded U.S. assistance programs for the region as a whole. Under Reagan, U.S. aid to Colombia averaged less than $20 million annually, hardly enough to support a serious battle against the multibillion dollar drug industry.

Perhaps the most serious flaw in Reagan's strategy was that he overemphasized military action and interdiction while dedicating far too little time, energy and resources to the time development of viable, long term solutions to the problems presented by the Andean cocaine trade. Institution building, multilateral cooperation, and economic development were largely ignored in U.S. policymaking circles, the consequences of these failures are starkly evident in the violent crisis besetting Colombia today.

The Bush Administration should be congratulated, in my opinion, for its swift and decisive actions, especially the sizable emergency economic package in support of Colombia's ongoing struggle against the cocaine traffickers. In Colombia these gestures and the new emphasis on controlling U.S. demand put forward in the Bennett plan have been hailed as positive steps toward a more productive alliance in the drug war. For Government leaders throughout the Hemisphere, the United States response to the Colombian crisis and the President's recently announced drug control strategy signal the possibility of a major shift in the U.S. war on drugs abroad, away from Reagan's inadequate, unilateral supply-side approach towards more effective, balanced and sustainable policies consistent with their domestic needs, limitations and strengths, as well as those of the United States.

In this statement before your Committee I would like to briefly examine the implications of both the emergency aid package and the Bennett plan for the war on drugs in Colombia.

In the wake of Galan's assassination and President Barco's declaration of total war against Colombia's drug barons on August 18, 1989, President Bush personally lauded his courage, made a call to President Barco to express his desire to meet with him personally, and held a widely publicized White House meeting with the Colombian Minister of Justice, Monica de Greiff. For the Barco Government these demonstrations of U.S. support were unquestionably of great symbolic importance. The Bush Administration's $65 million emergency aid to Colombia also bolstered the Government's all-out war on the Colombian drug traffickers.

The aid package itself, however, has proven to be primarily symbolic. Not only did the package not respond to Colombia's express needs for conducting its war, but it was directed to the wrong sector. The preponderance of conventional military equipment for the Colombian armed forces, such as the A-37 jets, was not suitable for an unconventional war against the narco-terrorists. Moreover, the Colombian military is not responsible for domestic law enforcement and it is not primarily responsible for the war on drugs. The Colombian police, who have been responsible for 85 to 90 percent of the anti-drug operations in Colombia, were particularly disappointed by the absence of intelligence gathering equipment, tracking devices, and very badly needed helicopters. Despite a specific request by the Justice Minister for $19 million for her severely debilitated ministry, Bush's aid package contained only $2 million for the judiciary. To rebuild its justice system, Colombia needs armored cars, trained bodyguards, better security systems to protect judges and their families, metal and bomb detectors, computers to modernize their legal records, and resources for salaries, court facilities and more secure jails.

While the Bush Administration applauded President Barco's surprise announcement following Galan's assassination that he intended to renew the extradition of Colombia's drug traffickers to the United States, in reality extradition is only a stopgap measure at best, not a substitute for a functional Colombian judiciary. In the end, Colombians themselves must be able to enforce the law and administer justice in their own country in order to break the power of the drug mafias permanently.

The emphasis on military equipment in the emergency assistance package ignored the dangers that militarization implies for the delicate balance between civilian and military authority in Colombia, and by extension, other Andean and Latin American countries. The armed forces are by no means immune in Colombia to the corrupting influences of the drug lords. Indeed, there is evidence of military complicity at intermediate levels in the trafficker-funded paramilitary groups in Colombia in Colombia's dirty war against leftist political parties, popular organization and guerrilla forces. Strong civilian leadership to control excesses and possible corruption is essential.

Rather than pushing the military into the forefront of the war against the drug cartels, the U.S. must seek to strengthen the country's institutional capacity to enforce the law and administer justice. This will require a sustained economic and technical assistance that should be channeled through and controlled by civilian, not military, authorities.

Bennett's statements that the U.S. Government would seriously consider deploying U.S. troops in Colombian and other Andean countries if requested by Government authorities is, in my opinion, equally misguided. American troops do not know the terrain, the language or the culture; thus, their effectiveness would be quite limited. While the use of U.S. technical advisors could prove useful in some instances, extensive involvement of the U.S. military in Colombia would certainly offend the country's strong nationalism and severely undermine the legitimacy and support for President Barco and his Government's initiatives.

While sending troops too fight the war on drugs in Colombia may have wide appeal for the American public as a "tough" measure, President Barco and most other Latin American leaders have already clearly rejected U.S. military presence in their countries as a viable option. As Bush Administration officials continue to offer U.S. troops as a panacea for the drug problem, the Barco Government's anti-drug campaign is weakened rather than strengthened in Colombia. The mere mention of American troops on Colombia soil inflames nationalist and leftist sentiment, exposes Barco to criticism as a puppet of "imperialism," undermines his credibility and leadership and embroils him needlessly in political battles that ultimately hinder his efforts in the war on drugs. U.S. officials, in my opinion, would be well advised to engage in less posturing at home and more consultation with Colombian leaders to demonstrate their commitment to winning the war on drugs.

For Colombia the growing list of casualties in the drug war is a major national tragedy, but cost to Colombia's democratic political institutions—intimidation, corruption, deligitimatization—poses a potentially more tragic threat to the country. The real key to any effective international drug control policy is to find ways to support and strengthen Colombia's institutional capacity to govern its national territory effectively. The virtually complete collapse of the country's judicial system is certainly the most dramatic but by no means the only manifestation of this problem. Colombia desperately needs sustained international assistance to rebuild and extend state authority and control across the board.

This will be a delicate, difficult, and long term enterprise that demands extreme caution. We should entertain no illusions that it can be achieved quickly, easily, or cheaply. Bolstering the Colombian military is certainly one important dimension of any comprehensive institution building plan, but it should not be either the first or the only priority.

Law enforcement is primarily a police rather than a military function. The National Police instead of the military should play a major role independent from the military in the anti-drug effort. In addition to this critical task, the capacity of the Colombian state penetrate and deliver other Government services to the country's remote, conflict ridden rural areas beset by drug, paramilitary and revolutionary guerrilla violence must also be undertaken. The Barco Government has embarked on a program to address this problem—the Plan Nacional de Rehabilitacion, the National Plan for Rehabilitation—but lacks sufficient resources and technical expertise to implement it effectively. The U.S. Government could and should provide support to this type of comprehensive development program in Colombia and elsewhere in the Andes.

Aid and encouragement to non-governmental organizations in Colombia and elsewhere in the Andean region should also figure prominently in a serious anti-drug program. For strong, pluralistic, democratic regimes to function effectively political parties, labor unions, peasant syndicates, newspapers, universities, human rights groups, and other autonomous institutions that make up civilian society must be reinforced.

While Washington's leadership and resources are certainly important to any effective international drug control effort, primarily bilateral initiatives and programs are inherently inadequate for several basic reasons. One, they run the risk of fueling nationalist resentments and raising fears of U.S. political domination. Two, they are circumscribed by the limited availability of U.S. aid funds. Three, they preempt the participation of other nations in the Hemisphere and Europe that are also affected by the drug trade and that have resources and expertise to contribute. And fourth, U.S. projects and their personnel could become targets for narcoterrorists and leftist revolutionaries.

Without ignoring the inevitable short-run coordination problems that typify most multilateral initiatives, in the long run U.S. resources could be more effective if channeled through Inter-American and international organizations. The United Nations Development Program, for example, is already activity involved in the design and implementation of the Plan Nacional de Rehabilitacion in Colombia. The U.N. also has considerable expertise in the areas of crop eradication, crop substitution, and rural development. Interpol is an important channel for police training. The Italian Government, along with the British Government, among others, has considerable expertise in combatting terrorist violence against the judiciary. The Organization of American States could become an important clearinghouse and training center for drug treatment and rehabilitation programs, for judicial coordination, and for information sharing. The Inter-American Development Bank, along with the IMF and the World Bank could be used as channels for development aid programs.

Channeling U.S. aid primarily through U.S. agencies such as USAID and the DEA implies costly bureaucratic expansion, duplication and coordination problems, and high-risk exposure of U.S. personnel to terrorist reprisals. U.S. Government programs have generally contributed only marginally, if at all, to training essential local personnel or to promoting permanent national and regional institutional capabilities.

The Bush Administration's proposal to increase U.S. military and police assistance to the Andean source and trafficking countries to $261 million in fiscal year 1990 will certainly help the effort. To be effective, however, military aid commitments will at a minimum have to be sustained for years to come and economic aid should be increased substantially during the next few years. Delivery of such assistance should, of course, be contingent upon periodic evaluations of country-government cooperation and effective performance. U.S. monitoring is indispensable but regional and international evaluations and recommendations should be encouraged as well. Instead of negative sanctions, such as the flawed and controversial decertification ritual, a system of positive inducement should be developed in which continued disbursements and future increments are contingent upon fulfillment of the established evaluative criteria.

The U.S. Government, along with other governments involved in the multilateral effort, could be involved in specifying project objectives, defining criteria for evaluation, and monitoring progress. Thus the United States could maintain control over its aid and ensure accountability while diffusing the issue of U.S. unilateralism.

Increased U.S. economic support for international drug control programs in the Andes is only one, albeit fundamental, dimension of the hemisphere's war on drugs. Less often contemplated but no less important, U.S. economic policies towards the Andean region should be modified to encourage, or at least not discourage, maximum cooperation with the war against drug trafficking.

Some observers have called for a "mini-Marshall" plan to provide alternative revenues to replace narco-dollars. While such an initiative might be desirable—I certainly think it would be—U.S. budget realities render such an ambitious effort infeasible at the moment. Short of this option, however, the United States could consider extending CBI-like benefits to the Andean republics. At a minimum, U.S. and other western nation's trade barriers against Andean exports, such as cut flowers, sugar, vegetables, fruits, textiles and processed coffee should be eliminated or substantially reduced. Despite the Bush Administration's opposition, reinstatement of the International Coffee Agreement would save Colombia from the debilitating loss of $400 million to $500 million a year in badly needed foreign exchange.

Thank you.

Senator **Nunn**. Thank you, Dr. Bagley. I don't know whether it was your testimony or whether it was the Subcommittee hearings earlier in the week, or whether it was, perhaps more likely, President Barco's visit to President Bush, but the headlines this morning say that the coffee agreement is going to be reconsidered. So we will all claim a little credit for that. I think that it is very counterproductive to increase aid by $50 million and decrease it by $500 million in terms of economic reality.

I don't know the details of the coffee agreement. I know there are always complexities in it, but I certainly believe that both your and Mr. Gorriti's testimony about putting this drug war in an overall economic framework is absolutely essential. Without it we are just going to be wasting the resources that we have.

The difficulty I think all of us have is U.S. resources. How do we get the resources—and Dr. Bagley, you are very familiar with that, I believe you teach at the University of Miami, is that right?

Dr. **Bagley**. Yes, sir.

Senator **Nunn**. Where do the resources come from? You talk about a long term plan. We have heard testimony about crop substitution, eradication, all of those go together. We have talked about the need for Bolivia and Peru, and you have talked about the tremendous amount of dependency the economies have on the growing of coca.

Where do you suggest the resources come from for this long term economic part of the narcotics battle? Dr. Bagley, and then I will go to Mr. Gorriti.

Dr. **Bagley**. I think the United States does have resources that it could provide and spend more wisely than it has in the past. We have spent literally billions of dollars over the 1980s on interdiction and, as Peter Reuter from the Rand Corporation has demonstrated, I think beyond doubt, much of those resources really are basically treading water or lost. So that some allocation of parts of our resources, particularly the aerostat balloon system and others, seem to me to have been less than effective.

But clearly the United States does not have all the resources that are going to be needed. The governments in the region have to commit resources, and I think the Barco Government in Colombia and others may well be able to commit some. And I think we need an international effort, and that's why I emphasized it in my testimony. I think increasingly, as we have seen in the press and in various DEA reports, the Europeans are becoming concerned with this. The Japanese are not too far down the line. There are even some reports that the Japanese, although far less vulnerable to drug addiction than the U.S. population or the Europeans, have some signs of that.

I think we need an international effort that pools the resources of the Europeans, who are likely to be very heavily affected by the cocaine epidemic and perhaps by the methamphetamine, or "ice," epidemic in the near future.

We need to channel then, I think, through international organizations and we need to make a variety of the institutions that are currently in existence but not functioning particularly well function better. By pooling those resources, channeling them through international or multilateral institutions, I think that we could maximize those resources. Finally, I do think that changes—minor changes from our perspective—in the U.S. economic policies could significantly help.

I wanted to raise the issue of U.S. short-term, I call them sanctions, against the Colombian cut flowers and other products in January of 1980. I can think of no more counterproductive policy than to respond to the illegal release of Jorge Ochoa from jail at the end of 1987 in the United States than to sanction Colombia's legal tourism and exports to the United States.

In effect we are saying, well, your legal exports can't come in as easily as before, we are going to make it more costly. That simply raised dependence, I think, on the foreign exchange that is earned from the drug trade. I think that there are a variety of our economic policies that could be modified to help increase the resources available to the Colombian Government, but it is going to require an international and collective effort.

Senator Nunn. Thank you. Mr. Gorriti, how would you list the priorities of what we ought to be doing in Peru and Bolivia. If you listed one, two, three, how would you list the priorities of our efforts? By "ours," I mean United States.

Mr. Gorriti. I would think that the main thrust of any anti-drug effort in Peru and Bolivia has to be economic recovery of the legal economies. I think that that should be the center of any wise anti-drug strategy. With that, however, should come additional adjunct efforts, both at the police, at the law enforcement, judiciary, and military levels in order to discourage, to give negative reinforcements to the coca economy.

But if you try to do the measures that essentially will happen in part on the coca economy in these countries without giving first the alternative of the possibility of achieving a healthy legal economy, I think that the effort would ultimately fail.

Senator Nunn. When you look at that map, you have got Brazil right next door. We have had testimony about Peruvian-Brazil border activity. Brazil has a huge foreign debt. Argentina has a huge foreign debt. The more cynical would ask the question, what does the United States do? Every time a county has economic problems and then starts growing illegal drugs, do we go in and have an economic rescue plan?

I mean, are we setting ourselves up for basic economic aid following coca production? For years every time there was a communist insurgency that is when the United States came running in, and if you didn't have a communist problem you got ignored. Are we getting to the stage now where you have to have coca production in order to get our attention for economic aid?

Mr. Gorriti. Well, I think that fortunately coca bushes do not spread as fast as communist insurgencies. But nevertheless, Peru and Bolivia have been the historical sites of cultivation of coca and whenever there is an incipient base of coca production, you can take early measures that can be much more effective, as was the case with Ecuador, that an eradication has been largely successful. But when you have the small cocaine refining base, you can also be successful with that kind of reinforcement measure. But in the case of Peru and Bolivia where you have already very much rooted the coca economy you, of course, have to take these other measures first.

Senator Nunn. Dr. Bagley.

Dr. Bagley. I think that the point here is to get ahead of the curve and not stay behind it as we have in the past. There are communist insurgencies in the Andes. That would be justification, I suppose, of and of itself.

Senator Nunn. We have a double justification.

Dr. Bagley. Double justification.

Senator Nunn. If you have a communist insurgency and also you grow coca, you get all the attention, right?

Dr. Bagley. Yes. In that sense, I do think that the central problem for both coca growing and trafficking, as well as, if you like, revolutionary guerrilla activity in Colombia, in Peru and potentially in other regions of Latin America suggests to us that what we need to do is to expand the capacity of these governments and their economies to run effectively their national territory. We have not been doing a very good job of that and when we get in after the barn has burned down and start offering money, I think that we are far too late. So that it would be cheaper in the long run to begin to think about doing something now about these kinds of problems and sustaining it—which is the other part of this—over time in order to be able to ensure that the governments of the region are legitimate and stable, capable of governing their national territory effectively, preventing the growing of coca and trafficking, as well as the rise of violent revolutionary left-wing insurgencies, and right-wing paramilitary death squads.

Senator NUNN. Some would also say—and I basically agree with the thrust of your remarks, but playing devil's advocate here a minute—some would also say that we have terrible social problems in our own cities and in rural areas. In fact, I think the crime rate in my own state of Georgia in rural areas is growing faster than it is in the urban areas, although lower overall. So in both the rural and urban areas of our own country we have major social problems. Some would say, and with considerable justification and evidence, that those problems lead to the increase in the demand side.

Increasingly I think a lot of us are concluding that interdiction is one of the least efficient ways that we can spend our money. It doesn't mean we shouldn't do any of it. But it means that if you are looking at how to to spend your money, it seems to me that where it is grown and where it is consumed are the areas we ought to concentrate.

But how would you rate dealing with our own social problems as a way of covering demand versus dealing with the social and economic problems of the producing countries?

Dr. BAGLEY. I couldn't agree more the thrust of your comments. I think that we must address both the supply and the demand sides. And if we address the supply side and fail to address the demand side, the profitability of this illicit industry is going to reproduce the structures that have allowed drug trafficking to go on for a long time.

Frankly, I think that the 1980's, which has trumpeted the war on drugs, is really not the place to start in looking at the way that we have gone about this. I think that we have been focusing on the supply side for a long time. President Nixon's "Operation Intercept in 1969 in my opinion marks the modern beginning of the war on drugs in the United States. We have been focusing on the demand side for more than 20 years and——

Senator NUNN. You mean supply side.

Dr. BAGLEY. Excuse me, supply side. I do think that we kneeled to focus on the demand side and I think that an integrated approach that provides job opportunities, job training, and better educational opportunities for people in this country is essential. Those go well beyond a purely drug strategy, they have lots to do with what this country is all about and what our priorities are.

If we look at the causes of demand for drugs in the United States, part of it is just social experimentation, which is probably a constant in all of human history. But there are two other elements, rapidly changing social structures in this country in a post-industrial society have led to a dissolution not only of the extended family but of the nuclear family—incredibly high divorce rates, latch key kids, all of those kinds of problems. That is permeating throughout our society.

And then specifically concentrated in various areas of this country, particularly in the ghettos and the barrios and the poorer areas of our country we have specific problems that have to do with the lack of public services, many of which have been cut back over the 1980s fairly dramatically. I think all of those are very relevant to this kind of problem, and although expensive in the short run for the United States, require attention or we are never going to deal with demand and hence never be successful on supply side either.

Senator NUNN. Thank you very much. Both of you have been very helpful here to our Subcommittee this morning.

Senator Kohl.

Senator KOHL. Thank you, Chairman Nunn. I would like to ask Mr. Gorriti if he would or would not, first of all, confirm what Mr. Bagley has said, that as long as there is the enormous demand for the product it is going to be very, very difficult, if not impossible, to eradicate the problem down in Peru and in Bolivia. As long as there is such a demand and such a profit in coca, do you think there is much we can do to eliminate the problem down there?

Mr. GORRITI. I think, Senator, that there is no question that as long as there is demand in the United States, you are going to have a cocaine supply problem for the long run. However, I think that an intelligent approach should try to work at the same time on both ends, at the demand and the supply side. I think that the most wasteful approach has been to try to invest massive amounts of money in interdiction in or close to U.S. frontiers, and on misdirected law enforcement and eradication-centered approaches in the supply countries.

I think, on the other hand, that if you have a strategy centered on the improvement of the legal economies of those countries, you can make a lot in terms of making cocaine scarce and finally expensive for the U.S. consumer which, if it is coupled with the current trend towards the diminution of demand can be a strong step in the right direction.

Senator KOHL. What do you think about a transitional strategy of buying up the product by governmental entities, whether it is this government or your government, as much as we can, at a price that assures the growers at least what they are getting right now?

Mr. GORRITI. I think that that was a proposal made by the ambassador of my country, Mr. Atala, and with all due respect to Mr. Atala, I would like to borrow an expression of Senator Nunn that there are solutions that look easy, simple, and are wrong.

I only believe that if you were to do that, to just step and try to buy the coca production, the United States would become another competitor of the coca traders, of the cocaine traders. Probably because of the loss of the markets the price would go up and then there would be the very strong incentive to the farmers to farm more coca in order to be able to supply the new demand.

So I think, on the other hand, that there should be an economically centered strategy, but for the strengthening of the legal economy of those countries with a coherent and well devised plan, and that at the same time you have to give a strong negative reinforcement to the coca economy, trying, especially by interdiction measures at the source level—not here, there—when it is much more feasible to have a result, to drive the prices of coca leaf to their historic levels, which were very low. Then and then only can legal crops, legal activities, compete on a good footing with the coca economy. And if you have the aid ready, the programs ready, the markets also for that, then I think that you have a very strong possibility of making a meaningful impact.

Dr. **Bagley**. May I say something about that. I think it is really not a feasible idea, for all the reasons that Gustavo has just cited, and for a couple of others. If we look at the map of Latin America, we can see already an expansion of the coca cultivating areas from the traditional growing regions in the highlands into the Amazonian basin. There are four varieties of coca plants, three of which are highland varieties grown in Bolivia, Peru and Colombia, and a fourth variety, which is called epadu, which is a lowland tropical variety, it can be grown throughout the lowland tropical areas of the Amazonian basin.

The agricultural frontier available for additional planting is so large that I think what we would see is the sale of the legal crop, or the organized part of the coca economy, to the Peruvian, Bolivian, Colombian Government or the United States, and the proliferation in the Amazon.

Senator **Kohl**. Well let's accept that and follow it through. There is an enormous profit in coca from beginning to end. Right now the farmer gets less than his due share. Those who are producing the product in its various intermediate stages can afford to pay the grower twice as much as he is getting now—triple what he is getting now—and still have plenty left. And the opportunity to produce the coca leaf exists elsewhere, if not in one country, if not in one valley, another country, another valley.

And it doesn't make any sense for the Government, in your judgment, to get involved in trying to buy up the product. And it is an enormously lucrative industry. So then it is inevitably to be concluded that until the demand stops we are not going to be able to eradicate production in your country. I mean, you are saying, let's transfer the economy to a different product, but those growers can get double and triple what they are getting now and the drug producers can afford to pay them for it.

So what are we saying here about getting to another economy? As long as the demand is there, there is an enormous profit which the growers can participate in.

I would like to be convinced that this alternate economy idea makes good sense, and that is something I haven't heard yet.

Mr. **Gorriti**. Let me give you an example that I think can illustrate the possibilities of giving strong disincentives to the coca economy. After President Barco of Colombia began the all-out offensive on the short run against the Colombian narcos, in the Upper Huallaga where traditionally five to six flights a day are spotted, meaning that probably twice as much gets into the valley every day, in 2 weeks at the peak of President Barco's campaign and when he was confiscating all the light airplanes in Colombia that he could lay his hands on, only two flights in more than 1 week were seen.

So the result of that was that there is still an overstock, an oversupply, of cocaine paste in the Upper Huallaga and the local prices are going down. And there is, of course, a sudden desperation. The amount of cocaine in Lima's streets has increased tremendously in the meantime because there are no measures to try to stem the flow into the city.

But then you see, you can make a difference in the local economy of coca which is centered in certain defined geographical areas in Peru and in Bolivia by making sustained and strong interdiction efforts there. What you will have is that the local prices, no matter how they come here, will go down there. And if you have a strong legal economic offer, at the same time if you give them an alternative—a strong and well thought out alternative—then, of course, you might then induce them to change, to shift to other crops and to other ways of economic activity.

Of course, it will mean that you have to sustain on the long term the interdiction efforts and you have got to have a very well thought out plan for economic recovery. But then you are thinking, in the case of Peru, of an economy that is an $18 billion a year economy, 25 percent less this year because of the tremendous economic crisis. And in the case of Bolivia, you are thinking about a much smaller economy. So a relatively small amount of well directed and well thought out economic recovery strategy can go a very long way if you at the same time have these sustained interdiction efforts against the cocaine trade at the source.

Senator KOHL. Yes, Dr. Bagley.

Dr. BAGLEY. I wanted to add——

Senator NUNN. Could I ask one question on that. When you say "interdiction," you are talking about at the source?

Mr. GORRITI. I am talking specifically about the source, Senator. I think that contrary to what is happening here when I think it has been essentially a waste of money, you can make there a difference. And by "interdiction," I don't mean what has been called now interdiction, which are more like raids on cocaine labs and blowing up of landing strips, which to me seems to be nonsense.

By interdiction I mean essentially trying to cut the flow of cocaine paste between essentially the Upper Huallaga in Peru and other cocaine producing areas, trying to cut the air routes and the riverine routes, too.

Senator NUNN. So you keep it in the country, that is what you are talking about, keeping it in the country?

Mr. GORRITI. To try to keep the prices down. Essentially, that will mean that, obviously, a certain amount of merchandise will be kept in the country and you know in the short run what that can mean. And because of that it only makes sense if you have at the same time a substantial strong economic recovery alternative. If not, it can be tremendously counterproductive, even suicidal for our country.

Dr. BAGLEY. I wanted to say on the demand issue that I think it is absolutely clear that unless demand is cut, substantially reduced, that there is going to be a continued flow, if not from Peru, from other countries. If we were able to cut off the supply of cocaine tomorrow—tomorrow—across the board in the world, we already have evidence that pharmaceutical cocaine can be produced, and it would be produced if the demand was there because the market is lucrative. And it wasn't pharmaceutical or synthetic cocaine, it would be something else. We have all been reading recently about the epidemic of "ice," of methamphetamine, of smokable amphetamines.

The substitution phenomenon could also occur. Therefore, unless demand is addressed, the United States is going to continue to have a major drug problem and there is going to be a way to find a supply for those drugs. But I think the point is that short of a utopian goal of tomorrow cutting off all demand and therefore solving the problem—because we wouldn't need a supply side strategy if we could cut off all demand—that the point that Gustavo and I are trying to make is that you can make the supply side more risky. It is illegal, and because you can make it more illegal, then you could make more palatable other economic development alternatives, and within that, applying effective control could induce people who are now making their living from coca but don't use it to make their living from other sources, so that it is not inevitable that they continue to produce. You don't have to reproduce the profitability.

Senator KOHL. Yes, you are right, Dr. Bagley, but you can't argue that as long as there is a demand for drugs in this country there will be a supply, if not from one place from another. If not a chemical drug, an organic drug. But once you have said that, as much as we would like to help Peru, and we want to help Peru and Bolivia in whatever way we can, to revive their economies, to go from an economy based on drugs to an economy based on legal products, that is another issue.

You have said that as long as there is a demand there will be a supply in one form or another. Now, why do you then qualify your statement and say but, but, but, but?

Dr. BAGLEY. Well, I don't think they are "but." I think it is more complex than simply doing that. And that is the point that I am trying to make.

If you could cut off demand, then the supply from Peru to the United States would not be relevant, but Peru would still continue to have problems and the United States' interest—as well as the Peruvian interests in Peru—would be affected. So I think it is more complex than that.

I mean, you could conclude from your comments that what we should do is just forget about the supply side altogether and dedicate all our resources to the demand side. If that were feasible—I mean, I'm not sure how long it would take to reduce demand altogether. I am not sure that that is even possible, because my first point about demand was that there is a kind of social experimentation that has been taking place since Sodom and Gomorrah that is going to be around forever.

So we are not ever going to cut off—or at least at any time in the foreseeable future—cut off all demand. And I do see this as an integrated international market, if you like, that has both a supply and a demand side. So that by touching both the supply and the demand side you can change the factors, without a utopian notion that we should either get rid of all demand or get rid of all supply tomorrow. That is my point.

Senator KOHL. Thank you, Mr. Chairman.

Senator NUNN. Thank you, Senator Kohl.

Senator Lieberman.

Senator LIEBERMAN. Thank you, Mr. Chairman.

Dr. Bagley, Mr. Gorriti, thank you for your testimony today.

I appreciate the questions that my colleague, Senator Kohl, asked, and you know, I think we all have come to understand that we have to go at this at both the demand and the supply side. Part of the frustration as we think about the supply side is whether we can ever outbid the cartels for agricultural production. At the risk of being repetitive, the control theme running through this week's hearings has been that the cocaine problem is at base an economic problem in the source countries.

How would American economic assistance truly be used to provide an alternative to coca production? I have heard the interesting description of what happened after President Barco's recent clampdown. But why wouldn't the cartel, operating with enormous profits, as Senator Kohl indicated, simply outbid the alternatives to ensure a plentiful supply and frustrate our attempts to supplant coca production?

How would you use American economic aid? I guess that's the bottom-line question.

Mr. GORRITI. I think that American aid should essentially be spent in trying to strengthen the legal economy of both Bolivia and Peru, which, given the current situation of both countries, especially of Peru, wouldn't be very difficult to do. And all in all, you have a country which allowed 5,000 percent of inflation a year, in the case of Peru, with a foreign debt that hasn't been paid for several years and that there is no way to pay it for now.

The main legal exports of the country have suffered from falling prices in recent years quite a bit, and then you had that the only growth industry in the country was coca. You obviously have to give in the way of debt relief, trade preferences, especially for the produce which would be produced in the now coca producing areas. You have to give them secure markets, special preferences, and you have to try to give some general aid to the country in order to strengthen it.

You have probably to give a favorable treatment for the country's main exports, and plus directed aid and debt relief. Those measures plus direct regional development efforts can make a short term and very powerful impact.

Senator LIEBERMAN. I'm sure the stronger legal economy would certainly move some growers, farmers, into producing crops other than coca. But won't the cartel always have enough money to get grown what they need to have grown?

Mr. GORRITI. Well, they will have, in fact, only for the same time you keep very strong and persistent interdiction measures.

Senator LIEBERMAN. So it is a combination of approaches that is needed. It has to be joined, obviously, with strong law enforcement and strong interdiction.

Mr. GORRITI. Essentially, strong interdiction, and I think that an intelligent strategy shouldn't touch the farmers, shouldn't touch even the primary processors of cocaine. They should try essentially to make as difficult as possible the contact between the Colombian buyers and the Peruvian producers. And I think that if you are able to interdict successfully the Colombian planes and the Colombian embarkations coming into the Upper Huallaga and the other coca producing areas, and the Chapare in Bolivia, in order to buy the coca, you are, obviously, going to have the effect of driving the local prices of coca down?

Senator LIEBERMAN. Let me ask this question, and maybe you can pick up, Dr. Bagley, just to clarify the picture I am getting as we conduct these hearings this week.

Is most of the coca really being grown by poor farmers, poor peasants and then being sold to the drug cartels? As a business, the cruel, violent business that it is, I wonder why the cartel itself hasn't created a kind of vertical monopoly and begun to grow coca, to take over the source of production so it doesn't have to rely on anyone else? Or has that happened?

Dr. BAGLEY. I do believe that most of the farmers involved in this are relatively poor. There are hundreds of thousands of people who are engaged in this, peasant farmers in Colombia, Peru, and Bolivia.

Senator LIEBERMAN. And they are really producing most of it?

Dr. BAGLEY. Yes, they produce most of it.

Senator LIEBERMAN. So the cartel itself is growing very little? They are purchasing from the farmers?

Dr. BAGLEY. There have been efforts at creating, if you like, large commercial farms, but that's dangerous. It is dangerous for several reasons. It concentrates too many eggs in one basket, it is more easily detectable with aerial photography and other kinds of things, and when you hit a single large farm then you are hitting much of the available supply.

So the Colombians in particular, both in Colombia and in other countries, have moved away from that. What they like are networks of large numbers of very small producers, and it makes it a lot easier for them.

I wanted to make two other comments. When we say that this is primarily an economic problem, I think that that is only part of the equation. I disagree in large part that growing of these illicit crops is only an economic problem. All we have to do is look at our own experience here in the United States. We have got a bunch of farmers in the United States that are growing this stuff that are by no means poor peasants, in California, in Hawaii, in Florida, my state, and in various others. In fact, the DEA says it is grown in all 50 and at least 38 of them are important producers in this country. We are not talking about only poor farmers, the demand side is critical.

On the other hand, in the context of the American farmers, I think that is an economic rationale to what they are doing, and most of them have not got the same kind of addiction problems that we do. Nor do we have to replace the high incomes that the drug lords can provide with equal levels of income.

Senator LIEBERMAN. Why?

Dr. BAGLEY. Because it is an uncertain life, it is illegal, it is risky. A lot of times these guys get ripped off by these drug lords or they get ripped off by corrupt police and military types or whatever. So if we assume just for hypothesis sake that they make $4,000 a hectare under good conditions, we would not have to replace those $4,000 per hectare. We can replace a steady solid economic base which would allow these people to live their lives and to have a continual income and they would leap at the chance in many of these areas. They would leap at the chance if that opportunity was presented to them. They got into this because there is nothing else to grow.

Senator **Lieberman**. Okay. That is helpful.

Mr. Gorriti, are you familiar with the law that was passed in Bolivia in 1988 that, I gather, limits the production of coca to certain regions? I am wondering, if you are, how you judge its effectiveness.

Mr. **Gorriti**. Let me give a general comment on that. Perhaps the laws referred to cocaine trafficking are both in Peru and Bolivia some of the most severe in the world.

Senator **Lieberman**. My question had to do with testimony that we heard the other day about a law that apparently was passed last year in Bolivia. That law specifies zones in which coca can be grown, zones in which it cannot be grown, and I guess a certain transitional area in between. I am just curious whether either of you has had any experience with this law and whether it is having any effect.

Mr. **Gorriti**. I am not familiar with that law, but my guess is that if there is a demand and there is available supply and there are no competing sources of economic activity, then the law is going to fail absolutely.

Dr. **Bagley**. There has been an effort to designate 12,000 hectares as sort of the legally sanctioned coca growing area in the Yungas, which is the traditional area in Bolivia. This is to provide a legal source for ritual and ceremonial and traditional uses of coca, which are chewed by large numbers of Andean peasant Indians. The other areas, the transitional areas, in part in the Chapare and then the rest of the country, in the Beni and the Chapare, which has expanded because of the commercial production, is being proscribed and therefore law enforcement efforts are supposed to be focused on that.

What we have seen, however, I think is that it is very difficult to enforce those kinds of laws. I think in large part the Bolivian Government has done it in order to comply with the United States' demands that they do something about all of this, and this is a step forward. But the capacity of the Bolivians to enforce this, the underlying logic that Gustavo has described for you all I think is going to dictate that it is very difficult to make this work.

Senator **Lieberman**. Let me ask a final question. It is a question that may invite a long answer. Obviously, the morning is going on, so I ask you not to be as expansive as the question might invite.

Both of you come to us from the Andean Nations with a first-hand report. Throughout the hearings we have heard references to the political climate: in Peru, the Sendero Luminoso, in Colombia, Marxist groups. We had an individual here who came to America under our witness protection program, who had been a medic with one of the cartels and originally started out in a leftist anti-government organization.

I am interested just in a first-hand report about your sense of the direction of those political groups. In particular, what is their ideology—help us understand them a little bit, what is their strength in the country, and especially, how, if at all, do they relate to this problem of coca production.

Mr. **Gorriti**. Let me focus my remarks on the Shining Path, on Sendero Luminoso. I will try to be very brief, as you asked.

Sendero—the Shining Path first came into the Upper Huallaga area in early 1984 and it centered itself on the cooler areas of the valley. And then it essentially defeated the police of that area and then the military were called in. The first army brigadier in charge of the zone used the tactic that General Arciniega, who is now in charge, is using again, to let the farmers and traders work in exchange for cooperation in fighting the guerrillas. And he was, to a large extent, successful. The Shining Path had to beat a retreat. In the process, of course, some members of the armed forces became contaminated and the general and others were afterwards prosecuted in Peru.

Then the Shining Path, the situation further deteriorated. There was a lot of violence that was not politically related but more trade related. In 1987, sensing the tremendous contradictions between the traders—especially those that had achieved a certain degree of local strength, and the farmers, the Shining Path came, as I said purporting to defend the farmers from these actions of the narcolords and their enforcers, and asking for a better price for the coca. The rationale for a puritanical Maoist movement was first that drug production is a problem of decadent societies, the United States is a decadent society and an enemy, so it is essentially an American problem, that Peruvians are not consumers, essentially, and anyway, they were going to enforce that no consumption took place.

And they enforce it, to the best of my knowledge, in a fairly successful, although very draconian way. And then they also took control of the lawlessness in the area with, again, very draconian measures. They went into a direct clash with several of the more powerful narco-lords in the area. One of them, imitating the Colombians, tried to found a movement, which was called "Movement Against Terrorism," but in a couple of battles he was wiped out by the Shining Path, who essentially took control of the area.

And it has gained increased control since. It has used all the social and geographical characteristics of the Upper Huallaga which are ideal for this stage, especially, of guerrilla warfare to its utmost, and it has grown to the possibility of being able to conduct major attacks against garrisons of as much as 80 to 100 soldiers using heavy infantry weapons, and being successful in the attacks, to boot.

So, essentially, they are now at this point I think the most powerful force in the Upper Huallaga area, including the army. What have they done in the process of negotiation with the Colombia trade is they have not become contaminated by narcotics trafficking, again, to the best of my knowledge. They have tried to negotiate for a good price—both for coca leaves and for cocaine paste—with the Colombians. They are not depending from the Colombian narcos for either supply of weapons or any other kind of logistics support.

Senator **Lieberman**. Who does supply them?

Mr. GORRITI. The army and the police.

Senator LIEBERMAN. Supply the Shining Path?

Mr. GORRITI. Essentially, yes. The weapons that they lose in encounters, the weapons that they lose in events that take place every day in the country, police that are assaulted and lose their weapons, killed or not, or, as happened for instance in July in the army garrison of Madre Mia, a single attack yielded to the Shining Path two heavy machine guns and dozens of assault rifles, grenades, et cetera.

Senator LIEBERMAN. So to the best of your knowledge the Shining Path is not being supplied by any foreign sources?

Mr. GORRITI. To the best of my knowledge, not in any meaningful way.

Senator LIEBERMAN. And their philosophy is Maoist?

Mr. GORRITI. Their philosophy is Maoist in a very fundamentalist way. They believe that the Maoist cultural revolution was mankind's highest moment and they believe that along those lines, whenever they achieve power they would march towards first orthodox socialism and then through several cultural revolutions, not just one, to communism, for which they tend to have a regard as if it were the end of history.

Senator LIEBERMAN. So at the bottom line, they have a negotiating relationship with the Colombian drug traffickers but, again, to the best of your knowledge, they are not receiving any substantial financial support from the Colombians?

Mr. GORRITI. No. As far as I know, not. They tax the flights.

Senator LIEBERMAN. So they get some money but——

Mr. GORRITI. They get now a sizable amount of money. They have undergone a process from being perhaps one of the poorest guerrilla insurgent organizations in the world to being one that is fairly wealthy by their standards. But they have not become corrupted by it until now.

Senator LIEBERMAN. Not corrupted in the sense that they are not using it, you mean?

Mr. GORRITI. Essentially in the sense that first, they have not become directly—they have not employed themselves directly into the cocaine trade; second, there are no splits within the organization, there are no local strongmen, local warlords, that would like to split from the organization and go into business. They use the cocaine trade for their ends, the cocaine trade hasn't corrupted them until now.

Dr. BAGLEY. I think Sendero taxes and collects substantial amounts of money for landing and taking off doing those kinds of things. And in that sense they have substantially increased their funds through the Colombians. In many senses they are intermediaries.

In Colombia we are dealing with a somewhat more complex situation in terms of numbers of groups that are active. There are at least five; by my count, actually more. It doesn't really matter. They range from sort of traditional Moscow line groups all the way to radical Maoist groups, to left-wing nationalist who are not Marxist.

The left-wing nationalist, the M-19, have just concluded an agreement, and one of the reasons they say that they concluded an agreement was that they neither wanted to engage in taking money from the drug traffickers, as some of the guerrilla groups have, nor did they want to blow up the pipelines as other groups, the ELN in particular, has. And they couldn't finance their activities the way the other groups have.

Senator LIEBERMAN. They have concluded an agreement with the cartel?

Dr. BAGLEY. No, not with the cartels, with the Colombian Government. The peace negotiation that bring them back into the political process. So one of the groups has been eliminated. There are sizable guerrilla groups in Colombia that are very active and have intimate linkages with the drug trade in a variety of ways. Perhaps most important historically has been the FARC organization, which operates in remote zones of the country where coca is grown, and many of their supporters have traditionally been coca growers.

They have over the years, particularly in the 1980's, increasingly taken an active role to protect their peasants from the abuses of the drug traffickers. So they have intervened in a variety of ways. First, the Sendero to stabilize prices and to negotiate better deals. They also collected protection money for landing and taking off and for laboratories. Increasingly a competitive relationship with the narco-traffickers has emerged as FARC has moved up the scale and involved itself in refining in particular areas, and they are making lots of money out of this now. And in fact, many people believe that FARC is being corrupted, as opposed to the Sendero, by their growing involvement, that it is more of a business now than it is a revolutionary movement.

I think the other dimension of this—and to be as short as possible—is to recognize that there has been an all-out war between guerrillas, particularly the FARC, several other groups, and the narcotraffickers over who is going to control the territory and the process. In that, the drug dealers have financed the growth of paramilitary organizations, right-wing death squads, that they have used to go after the drug lords and to—excuse me, to go after the guerrillas, and to exterminate them.

So that we have got a dirty war going on in Colombia. And one of the most manifestations of the Barco Government in all of this is in negotiating peace agreements that bring some of the guerrillas into the political process, the drug lords, who are very anti-communist by the way, go after them and kill them, which means that it is not viable to incorporate them through a reform process.

There have been almost 1,000 deaths of the left of center Union Patriotica Party, UP party, as a direct result of this confrontation between drug lords on the one hand and guerrillas on the other in which the legal left is being caught and decimated.

Senator LIEBERMAN. That is fascinating. There is a natural alliance between the Government and some of the guerrilla groups at this point against narcotraffickers, and the narcotraffickers are trying to break that alliance by violent attacks on the left-wing political action groups.

Thank you. Thank you, Mr. Chairman.

Senator NUNN. Thank you, Senator Lieberman. I want to thank both of our witnesses this morning. We appreciate you being here and you have made a very valuable contribution to our deliberations, so we appreciate it. Thank you.

Our next panel this morning will provide the policy perspective on our Government's program for the Andean region. Representing the Department of State would be Melvyn Levitsky, Assistant Secretary of State for International Narcotics Matters. Mr. Levitsky was sworn in as Assistant Secretary of International Narcotics Matters on June 23, 1989. Prior to his appointment he served as Executive Secretary and Special Assistant to the Secretary of State.

Accompanying Mr. Levitsky will be Deputy Assistant Secretary Skol, who was formerly the Director of the Office of Andean Affairs. Prior to that he was assigned to our embassy in Colombia as Deputy Chief of Mission.

In addition, we have the privilege of hearing from the Honorable Steven Duncan, who is both Assistant Secretary of Defense for Reserve Affairs, as well as the Coordinator for Drug Policy and Support within the Department. Accompanying him will be General Herres, the Vice Chairman of the Joint Chiefs of Staff. In that capacity he serves as our Nation's second highest ranking military officer.

General Herres also oversees the operation of the Counter Narcotics Operation Directorate and is responsible for the execution of any U.S. military operations in the Andean region.

All of the witnesses bring with them years of experience that will assist us in better understanding our policy in this region. We are pleased to have them as our final panel in this 3 day hearing series.

Gentlemen, I am going to ask all of you to stand and please raise your right hand and take the oath. We swear in all witnesses before the Subcommittee.

Do you swear the testimony you give will be the truth, the whole truth, and nothing but the truth so help you God?

Mr. **Levitsky**. I do.

Mr. **Skol**. I do.

Mr. **Duncan**. I do.

General **Herres**. I do.

Senator **Nunn**. Thank you. Mr. Levitsky, I know you have prepared testimony. We will be delighted to have that, and then we will follow that with Mr. Duncan, and if General Herres or Mr. Skol have any additional comments, we will hear those and then we will have questions, although we may have some as we go along. So we are pleased to have you and we will receive your testimony.

TESTIMONY OF MELVYN LEVITSKY, ASSISTANT SECRETARY FOR INTERNATIONAL NARCOTICS MATTERS, DEPARTMENT OF STATE,[1] ACCOMPANIED BY MICHAEL SKOL, DEPUTY ASSISTANT SECRETARY, BUREAU OF AMERICAN REPUBLIC AFFAIRS

Mr. **Levitsky**. I would like to give a brief summary of my testimony. And I want to say, I appreciate the opportunity to discuss our Andean strategy, our policy in the areas, with you this morning.

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[1] See p. 230 for Mr. Levitsky's prepared statement.

The President, as you know, issued a broad international strategy of which the Andean strategy is an important part, because the overall strategy identifies cocaine, particularly crack cocaine, as the major problem in the drug area facing the United States today. So I am going to just give some general comments on the way we are approaching the reduction of cocaine supply and then I am sure there will be some more specific questions from the panel after that.

We have several goals and ways of going about reducing the supply of cocaine in the United States as spelled out in the President's overall strategy. The first is to disrupt and dismantle cocaine trafficking organizations, and we have been working with Andean governments over the years, and now in a renewed effort with renewed resources to identify and dismantle these organizations through increased assistance, better targeting of high quality assets of the traffickers—laboratories, airstrips, meeting places, et cetera. We have, particularly, with regard to the main trafficking organizations, increased our assistance in Colombia recently with the President's emergency $65 million package. Some of that goes to the judiciary of Colombia in training of local law enforcement personnel and asset seizure. A good deal of equipment has gone in—helicopters, aircraft gear of a variety of kinds—to help both—and I would emphasize both—the Colombian military and the National Police.

We are also, in addition to working in the region in this particular aspect of the dismantling of the organizations, disrupting them, we are committed to eliminating international money laundering, which is the lifeblood of this mafia. We have just recently met with our summit partners in Europe to follow-up on the last economic summit to deal with specific actions that all countries can take in disrupting this flow of illicit drug proceeds, and we believe that we are making great progress on this whole question of money laundering and opening up bank secrecy.

Another goal of the strategy is to isolate the major coca growing areas from the major areas of production of final product and processing and then ultimately distribution. We have established interdiction programs and have, we believe, retargeted them in a more effective way. And this combines destruction of airstrips, destruction of high volume laboratories, cutting off rivers, looking at the road structure. We have done a survey, a radar survey, to see if that can be useful in the area with regard to aircraft coming in, and we have a variety of I think more effective programs coming forward.

We have just completed a secure base—that is, by the Department of State working with others within the INM budget—a secure base at Santa Lucia from which we hope operations can improve. We began operations in that area in the Upper Huallaga Valley again recently.

Our focus, I would say, has changed in terms of the objective, particularly in that area, from the past. We go after high priority targets, working with the Drug Enforcement Administration and the National Police and the military, rather than concentrating, as we did in the past, on manual eradication and, to a certain extent, destruction of what are called "paste pits," very elementary production areas.

With additional funding flowing from the President's strategy, we intend to provide much needed equipment to the Peruvian Government to detect aircraft and the movement of cocaine products out of the Upper Huallaga Valley.

Another object of the strategy is to block the delivery of precursor chemicals. The final product cannot be produced, nor can the intermediary stages, without certain chemicals, and we have a multi-country effort underway to identify and seize shipments, again working with host governments, host government forces, of precursor chemicals. We have road and riverine programs both in place and planned in an effort to choke off the flow of chemicals coming into the valley.

We also are not limiting in this regard our efforts to the Andes. We now, for example, have a team of chemical experts visiting a number of European capitals to urge greater European cooperation in chemical control, and particularly update our own allies on our new legislation that allows us and will allow us better to get a handle on the precursor chemicals coming out of this country. And there are various estimates of that, but it seems as if upwards of 60 or 70 percent of the chemical precursors that are used come from the United States. We will have a better handle on this, I believe, so we also need to make sure that the alternate sources of these chemicals are taken care of.

Finally, in terms of the objectives here, we are helping transit countries. In the President's strategy, it points out that one of the useful initiatives that we have engaged in over the past is setting up what we call JICCS, or Joint Information Communication Centers, in several Caribbean countries. We are going to put more resources into this. We have some operations going. Basically the idea is to have a flow of information about ship movements, aircraft movements, and suspect individuals flowing into our own computer system with cross-checks back to the countries concerned. So we are going to increase the activity. It is a relatively low investment for what seems to be, at least according to the law enforcement agencies here, a high quality pay off.

I want to give a little sense of what we are doing in the international area, which was mentioned this morning by one of the witnesses. In fact, we believe that the effort cannot be totally a United States effort, that we must enlist the cooperation of other countries, particularly those countries that are becoming increasingly concerned about cocaine. In Europe it is a problem that is budding rather than a full problem at this stage, but in our conversations with the Europeans they are very concerned, particularly as they look to 1992 with some of the border controls and the customs barriers coming down, of cocaine, crack cocaine, coming into Europe and beginning to spread throughout once it goes into one country.

Seizures have increased already, which indicate that there are efforts. The price is still at least double, or perhaps three times in some cases, higher in Europe than in the United States. So they are concerned, and we have been talking with them. You may know that, on the Colombia issue, the Europeans were contacted by the President and in diplomatic ways and they have responded in good fashion. It is not all put together yet, but the United Kingdom, France, Italy, Germany, Portugal, Luxembourg, and Canada have all agreed in one way or another to provide assistance to Colombia of various kinds, a good deal of it law enforcement assistance. In some cases the Scandinavian countries more in the area of assistance through the UN, which is their traditional way of operating. But in any case, they have responded to this.

We have talked with them also about long range development in the Andes and what place, what role Europe could play in this area. And we will have an effort, and a stronger effort, to coordinate and set up consultative groups in the future. We would also involve the UN, but we want to make sure that whatever investment we and others put in the UN is used effectively and that the programs that the UN has run—the UN Fund for Drug Abuse Control—are effective and have a pay-off. We are also working with our European allies on, as I mentioned, money laundering, chemical control, and a number of demand reduction programs.

As far as resources are concerned, the strategy recommends that we spend about $260 million in fiscal year 1990 in these three countries to increase the capabilities of Andean law enforcement and militaries to deal with the threats. The increase in the program is basically in the military assistance and law enforcement area for fiscal year 1990. Our theory is and our program is based on the assumption that first of all you have to help the governments concerned gain control and restore civil authority to the areas concerned, particularly the Huallaga Valley, and in parts of Colombia as well, where those areas are off limits.

The assistance then in this program would be increased by an additional increment of economic assistance in 1991 and beyond based on performance, and, in fact, we will have military assistance based on performance as well. So we will have, we hope, an initial year of increasingly good performance, increasingly good result, in terms of the law enforcement and the involvement of military in the area, gaining control, and then we will have an incentive that is performance-based economic assistance, which plays out through 1991 and the next 3 years.

Over the period of the 5 years beginning 1990, the total program is on the order of $2.2 billion. Not all of this, of course, has been worked out in precise detail. We are now discussing with our own embassies and with the countries concerned how the additional assistance would be used in the three Andean countries, and what objectives the assistance would have. That is, it is not a matter of putting in military assistance, but keying it—and economic assistance—keying it to objectives and performance.

So that is a summary of what I have to say, Senator, Mr. Chairman, and I would be glad to answer any questions later.

Senator **Nunn**. Thank you very much, Mr. Levitsky. We will go ahead with Mr. Duncan's testimony and then we will come back with questions.

Mr. Skol, do you have anything to add at this point?

Mr. **Skol**. Mr. Chairman, I have no prepared statement, just that I am delighted to be here and be able to talk to you about the Andes.

Senator NUNN. Well, we will have some questions for both of you. Mr. Duncan?

TESTIMONY OF STEVEN M. DUNCAN, ASSISTANT SECRETARY OF DEFENSE FOR RESERVE AFFAIRS, COORDINATOR FOR DRUG ENFORCEMENT POLICY AND SUPPORT,[1] ACCOMPANIED BY GEN. ROBERT T. HERRES, VICE CHAIRMAN, JOINT CHIEFS OF STAFF

Mr. DUNCAN. Mr. Chairman, thank you. I will be brief. Let me just make two brief points. I think you noted it when I was coming in the room, but I would like to make sure the record reflects that I am here not in my capacity as the ASD for Reserve Affairs, but rather as the coordinator for the Secretary within the Department for all drug enforcement and policy matters.

Secondly, since I have submitted a prepared statement which is broader than just the Andean strategy but which addresses not only the new missions of the Department which were assigned by last year's legislation and how we are doing so far on those, but also the new guidance which the Secretary has given just in the last 2 weeks. I also give a brief summary in that prepared statement of the status of our assistance to the Andean Nations.

I think, Mr. Chairman, it might be more profitable for me just to cease with that and respond to your questions along with General Herres.

Senator NUNN. General Herres, do you have any opening remarks?

General HERRES. No, sir. I am delighted to be here and I hope we can be helpful. Thank you.

Senator NUNN. Thank you. I have never had such a concise summary. We are making history here today.

Mr. Levitsky, we have heard a lot of testimony this week from the ambassadors of Peru, Bolivia, and Colombia, as well as other witnesses, that have basically said that any narcotics strategy in those areas, in the Andean areas, if it is going to work, has to be part of a broad economic strategy, it cannot work unless it is framed in the economic program.

Do you agree with that, generally?

Mr. LEVITSKY. Well, I agree in principle with that. Certainly the economic situations in the countries concerned have a good deal to do with particularly the people who are growing the coca. On the other hand, it is a more complicated thing than just putting United States economic assistance into the area. It has to do a lot with their own economic policies and it has to do with the opportunities that are available. It also has to do—and this is the bottom line—with law enforcement, because what the people who are—most of the people who are growing the coca are breaking the law. They are breaking both national law and international law. We have a UN convention which declares this illegal.

So there has to be a combination of efforts in this regard. We have said that we certainly understand the economic dislocation, if you can put it that way—it is a little obscene, in fact, to put it that way—that would result from cutting off the profits of coca production. On the other hand, we have a program to do just that, because we want to stop the flow, and other countries want to stop the flow as well.

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[1] See p. 238 for Mr. Duncan's prepared statement.

So we have to have a combined way of looking at it and not just rely on what would be the panacea of putting more economic assistance into the areas. But it is a broad economic problem and we recognize that. It involves trade as well as assistance, I would say.

Senator NUNN. Well, the testimony we have heard indicates that unless you have some crop substitution program that basically—particularly in the instance of Peru—if you don't have crop substitution and economic development going at the same time, if you start succeeding on the narcotics, what you are going to do is increase the Shining Path's power by driving the peasants right into their arms.

Do you want to rebut that?

Mr. LEVITSKY. Well, I wouldn't want to rebut that, because there is a certain amount of validity to that. On the other hand, whatever we do against drugs, if we reduce demand in this country so we don't need the product any more, the effect of that will drive those people who are growing the drugs into the hands of, or towards, something else and maybe it will be into the hands of guerrillas.

One of the reasons why our first year is based on the assumption that we need to help the civil authorities gain control is for just that reason. We need, for example, a strategy which looks at both the insurgency in the Upper Huallaga Valley where 60 percent allegedly is grown, as well as the drug trafficking problem, itself. There is no way that you can have a good interdiction program, law enforcement program, within that valley unless the problem of the Sendero Luminoso is also being dealt with effectively.

Senator NUNN. Which is coming first? Are you trying to do both simultaneously? Are you trying to encourage them to go after narcotics traffickers and the guerrilla movement at the same time, or are you saying go after the Shining Path first, establish civil order, and then devote your resources more to the police aspects of coca growth?

Mr. LEVITSKY. We believe both have to be done together. We don't believe that you buy off the coca growers by ignoring what is happening in the drug trafficking area and then strictly go after the Sendero Luminoso.

That wouldn't work, it would only increase the problem. And let's remember that the Sendero itself gains a tremendous amount of resources through what was mentioned earlier this morning—taxing, protecting the traffickers.

There is a kind of, in many cases, an unholy alliance between the two, not that they have the same objectives, but a marriage of convenience. You have to go after both of them, I believe, and we have to up the capability both to hit the Sendero, to provide a security cover for the operations by the police and the military against the drug traffickers.

Senator NUNN. Mr. Skol has been down there I know. How recently have you been there?

Mr. SKOL. I visit once every 3 or 4 months. I lived in Colombia for 2 years between 1985 and 1987.

Senator NUNN. Well, speaking of Peru right now, we have been told that there are important elements in the army that do not agree with the strategy you just outlined, that they basically feel they have to go after the Shining Path first and if they do not get that going right away, that everything they do against the coca growers is going to help feed the Shining Path. We didn't have them testify, but that is what our staff says, that their army elements in control of key areas in Peru fundamentally disagree with the strategy of going after both parallel.

Do you agree with that staff finding or disagree, Mr. Skol?

Mr. SKOL. Mr. Chairman, I don't think I disagree with it. The Peruvian Army is an army that has, in effect, very, very few resources. We believe that if it had the proper resources to use in the Upper Huallaga Valley to do the right thing, to go after both guerrillas and traffickers, it would do so, and that is the reasoning behind the military assistance package to Peru in the President's Andean strategy.

Right now there is a kind of triage going on. The general in the valley says he has so many jeeps, he has so many guns, he has so many troops, and he definitely is going after the Sendero Luminoso and letting the police handle the drug traffickers. Our strategy, in conjunction with the Peruvian Government and Army, would be to help them go after both.

Senator NUNN. We have also had testimony that it is a mistake for us to encourage the military to go after the drug dealers and to move in that direction, that it should be the police that we help strengthen to go after them. And that also that if we keep putting the military and encouraging them to go into, in effect, domestic law enforcement there, that we are going to encourage the anti-democratic type movement by the military eventually.

What do you say to that?

Mr. SKOL. Well, there are two questions there. The first is what happens when a police force is dealing with something that has become more than mere law enforcement, that has become a paramilitary army-like operation? The experience in Colombia is very important for us and for the Peruvians to look at. It is like asking a high school pick-up team to fight the Chicago Bears when you ask police to fight with an army. And that is why in Colombia the strategy was to encourage, with military assistance, the Colombian Army to support the Colombian Police against very well armed, what amounted to private, armies in support of narcotics traffickers.

It has been successful, it continues to be successful. That is the model that we believe should be followed as well in Bolivia and Peru. That is, there are things that police cannot do. The police are not equipped in a country like Peru to fight the Sendero Luminoso in order to make it possible for police then to engage in law enforcement activity.

The second part of your question is whether helping military forces build themselves up is not a challenge to the democracy in that country. It is a very important part of the way policy must develop. It is significant that it is the civilian presidents, the civilian governments of each of these countries, who have come to the United States and said, we need military assistance not only to fight narcotics traffickers and the guerrillas who are in league with the narcotics traffickers, but to help us demonstrate that a military has a legitimate role in a civilian led society which, unfortunately, doesn't have the money to support its military properly.

It is something that has to be watched. The human rights situation has to be watched in all three countries, when military assistance is provided to a foreign military organization. But we believe that the intentions of the civilian governments, along with the way we would develop military assistance conditionality, will assure that it is not used to undermine civilian domination of these countries. It is a very good question; it is right on top of our list of things to watch as we get into this.

Senator NUNN. Let me ask this question. Dr. Bennett—of course he is in charge of our overall drug strategy—apparently, and according to his own testimony, he was not contacted and given an opportunity to give any opinion on the coffee negotiations. So, here we are with a drug strategy putting $40, $50 million, whatever, into Colombia, and then the coffee negotiation, another part of our Government is taking away—from their perspective at least, whatever the merits we may think on that economically—$400 or $500 or $600 million.

My question to you, Mr. Levitsky, were you consulted?

Mr. LEVITSKY. No, I wasn't. And Senator——

Senator NUNN. Well, who was in charge of this coffee——

Mr. LEVITSKY. This was done under the—as I understand it, the U.S. Trade Representative and the trade people in the State Department.

Senator NUNN. So the State Department wasn't consulted and the drug czar wasn't consulted, and now the President, looks like he is having to get involved.

How much authority does the czar have to have before we get coordination of U.S. policy? I guess the President is the chief czar, but, obviously, we aren't coordinating.

Mr. LEVITSKY. I'm not an expert—you said before you weren't an expert on the coffee agreement, I certainly am not either, and it may be a bad agreement from an economic standpoint.

The point you have made is a very good one, and we have discussed this, for example, as recently as this morning within the Department. We don't sometimes have a comprehensive way of looking not only at the drug issue but at some other functional issues, because in a way we have often been organized along regional lines, and that is the traditional way of looking at it.

What we need to do and what we are doing in the Department to make sure that this kind of thing doesn't repeat itself—not in the sense that we would do something different on the coffee agreement, but at least that it is taken into account at a time when you are trying to support a government in other ways—is that we have to have a better way of looking at it. And we are going to have a system where we can take these things into account.

Now, that doesn't mean we would change our policy. The President, as you know, has said we would now take another look at the coffee agreement, plus he has said we would certainly be looking at other kinds of trade questions that would benefit the Colombians. So I think you are right in saying that this was not the most coordinated operation that we have, even though our position on the coffee agreement may have been correct after all, economically, in particular.

Mr. Skol. I might say, Mr. Chairman, that the State Department was involved in the coffee decisions and that there are other very strong U.S. domestic reasons why the U.S. position was what it was with regard to the coffee agreement.

Also, it was not the United States Government which killed the International Coffee Agreement. It was a failure of the major consumers and producers to get together, principally on basic interests that the United States and other consumers and some producer countries felt were basic.

Senator Nunn. But sometimes if drugs are your top priority and if you have declared war on drugs and that is number 1, and then you got this other group over here that has what may be very valid economic concerns but ignoring this whole picture over here, sometimes you have to say,we are going to wait on a purist economic approach while we take care of this problem and then we will, over a period of time, evolve that. And that is what somebody has to do. And to do that there has to be some coordination between agencies, and I guess eventually the President has to decide.

Who in the State Department was involved in the coffee agreement?

Mr. Skol. The Bureau of Economic and Business Affairs is the central point for the coffee agreement.

Senator Nunn. And I suppose, Mr. Levitsky, after this experience you have been in touch with them and said, hey fellows, how about letting me know what is going on?

Mr. Levitsky. Not only have I been in touch, but this morning our Acting Secretary, Larry Eagleberger, had a meeting on just this subject, so it is opportune that we are talking about it, to have a system not only on strictly economic things, but on, for example, so-called non-drug related AID projects, because in a way the drug issue spreads out across all these other issues, and you want to have it in mind when you are considering, for example, whether one country or another in a time of scarce resources should be receiving one project or another. It has to be factored in. You are absolutely correct.

I think we are on the way to getting that now, and I think that the position that drugs play in the priorities of the Department have gone up considerably and this kind of thing, I hope, will not be repeated. It ought to be looked at. If it is a question between a war on drugs and war on coffee, my guess is that—what I am looking at—drugs might win out at some point.

Senator Nunn. Thank you. Mr. Duncan, I know there are never any kind of coordination problems in the Department of Defense.

I will take a 5 minute break at this point. I have got to vote. Senator Lieberman is coming back, but we will have other questions for you.

[Brief recess.]

Senator Lieberman. Gentlemen, I wonder if, at the request of the Chairman, I could begin, I know a couple of you are on a time deadline, so we don't want to hold you over. Senator Nunn asked me to start, and as soon as he has finished voting he will take over.

Mr. Duncan, as you probably are aware, Prime Minister Manley has been writing and talking about the potential value of a multinational military force to assist Caribbean, Andean, and Latin American nations in the war against drugs. The Senate itself passed a Sense of the Senate resolution earlier this week basically saying that if such a force took shape we ought to cooperate with it.

I wonder how you and the Department of Defense generally assess that option. Could it be helpful? Can we help it? What are your thoughts?

Mr. DUNCAN. Senator, I wouldn't presume to say that there is a definitive Department of Defense position on the issue. It is under discussion. It sounds like the kernel of a good idea. There are some problems associated with it, not the least of which is that we are not sure how the idea would be received by Latin American nations themselves.

It is one of those things that we have taken no formal position on and I think it is under discussion in several of the departments right now besides Defense.

Senator LIEBERMAN. Okay, understood.

Incidentally, in earlier testimony this week when the ambassadors from the three Andean Nations were here, at least two of them were pretty negative about any outside military assistance, and one said that if it came, he would certainly want it to be under the control of the host government.

Mr. LEVITSKY. Senator, could I just add, one thing that is encouraging about this, however, is Jamaica's leadership role in an important counter-narcotics question. That is, there are some other things about this Manley proposal that look quite interesting with regard to organization within the UN and some restructuring.

As Mr. Duncan pointed out, there are still a lot of specifics that we don't know about in terms of what is being proposed here, but we have taken a position of tell us more, let's hear about it, let's talk about it and see what this is all about. Not the least because we have legislation which gives us the Sense of the Congress on this, but also there are some interesting ideas. So we will see what happens.

I, myself, am going to Jamaica for just a day for a conference and I hope that maybe they will flesh out this idea a little bit more.

Senator LIEBERMAN. Good. Mr. Skol.

Mr. SKOL. Senator, may I add that there is a cultural difference, too. It is interesting that it was the Jamaican Prime Minister who raised it, because it is more likely to be acceptable in the English speaking Caribbean than it is in the Latin areas of South America or Central America. The sovereignty sensitivity in countries like Colombia or Peru or Bolivia to the introduction of foreign troops, under whatever guise, is rather extraordinary. Whenever we have talked to these governments, what they have asked us for is the kind of military and other assistance which will help their own forces do the job in their own country. And that is the direction that the President's strategy takes.

Senator LIEBERMAN. I am going to ask a question on a subject that we have all acknowledged is at a primary stage of consideration. As you understand the discussions of a multinational military force, is it thought of as a force that would be involved in interdiction at the borders and in international waters, or as a force that would come into a country to assist the military or law enforcement authority of that country to suppress drug cartels there?

Mr. LEVITSKY. My understanding is that it is more the latter than the former. But as I say, it has not been made very specific at this point. But the discussions and the way it has been described seem to indicate the latter.

Senator LIEBERMAN. In the testimony that he submitted to this Committee, Dr. Bagley suggested that the Administration's emergency aid package to Colombia may have provided the wrong types of equipment. Apparently, we provided traditional military equipment, whereas we would have done better to provide them with intelligence equipment and security equipment.

I am curious to have your reaction to that thought.

Mr. DUNCAN. I think General Herres is better prepared to talk to the specifics, but as a general proposition, this question has come up a couple of times in the last 2 weeks and I have inquired and have been assured that we are working very closely with the Colombians to make sure that we can meet their specific requests.

Now, you have to understand that to the extent that the request is for something that is not an off-the-shelf item, that might have to be procured separately and so forth, we have limitations on what we can do. But to the extent that we have the equipment available, we are trying very hard to meet their requests and I'm led to believe that we are giving them pretty closely what they are requesting.

Now, any time you have a discussion about such things in our country or any other country, there is always a difference of opinion between people about what equipment would be most useful, but I feel very confident we are meeting their needs and their requests. Maybe the general has more insight.

General HERRES. Well, I would emphasize what Secretary Duncan just said. In our own Government we have a lot of arguments about what kind of equipment our forces need, and I'm sure that you will see that elsewhere. But we did consult very closely with the Colombian Government and the list that was prepared was revised, our military group people worked very closely with their Ministry of Defense people and the outcome was the best judgment of people on the scene, and there was nothing on the list that the Colombian Government didn't feel they needed.

But it is important to note though that we could only use equipment that is in our inventory, so there are probably some things that they need, would like to have, but they would have to be provided under some other legislative provision other than the emergency aid feature.

Senator LIEBERMAN. Understood.

Mr. LEVITSKY. Senator, I listened to Mr. Bagley's presentation on this and his criticism of it, so I wanted to correct an impression that may have been left. This military assistance, the draw-down under 506-A procedures, in fact is not just going to the Colombian military, and Mr. Bagley is right, the National Police have been the basic force working against drugs, and this is why there was a waiver included in that package which would allow the assistance to flow to the National Police as well.

Helicopters, for example, have been provided to the National Police, so that the equipment is being divided up according to a plan in consultation with the Colombians. But it is not just to give a boost to the military's role in this, it is to provide Colombia with a better capability across the board of dealing with the problem.

Mr. SKOL. If I might add just a little more detail on that: A decision was made by the Defense and State Departments to give the Colombian National Police priority within the 506-A draw-down. But, as has been pointed out, only equipment which was already in our stockpiles could be sent to the Colombians under that particular authority. The fact is that a great deal of civilian or police equipment simply isn't in the Department of Defense stockpile.

That kind of equipment—as communications—more properly comes from the kinds of funds that Mr. Levitsky administers in the State Department. There was also a misquote of a ranking officer of the National Police in Colombia which produced much of this misimpression to the effect that he was getting the wrong kind of equipment. The helicopters went first to the National Police, not even to the Colombian Army.

Senator LIEBERMAN. Okay. That is reassuring.

Mr. Levitsky, let me pick up on something you said in your brief opening remarks on cooperation with our allies. We have spent some time in this Committee looking into America's counter-terrorism policy, and one of the dark and discouraging spots is the occasional lack of willingness of some of our allies—and I am thinking notably of Greece, in some cases France—to cooperate in our counter-terrorism policy.

Are we having similar trouble with our allies in trying to stop the flow of precursor chemicals and international money laundering?

Mr. LEVITSKY. Well, I think money laundering is a very bright spot across the board, not only with our allies, but in a number of other countries. And again, I would refer to the UN Convention that was signed at the end of last year. What this does is provide an international stamp on getting at and urging countries to get at the money laundering issue. It has to do with bank secrecy, asset seizure, and a lot of other things, but it provides an impetus to do this.

We have found that a number of countries already changed on their own, without our urging them, their procedures in money laundering. We have had good communication with them. As I say, last week we had a group that went to deal at a working level with—well, actually, it was a little bit higher than a working level since it was Assistant Secretary level—with our allies. They have set up some working groups to get at specific things that could be done under national legislation to work against the money laundering.

So I am very optimistic. I think this is a very bright area for us.

Senator LIEBERMAN. Are you at a point where you can share with us some of the ideas that you have about how to break through the problem of international money laundering? There was an article, I believe, in the New York Times within the last week or two about the use of shops in urban areas to transfer cash by wire through this country, then down to Panama and ultimately to Colombia.

Mr. LEVITSKY. Well, there are a number of things being discussed. I think I would probably be better off giving you something in writing that was more specific. I might miss something off the top of my head.

But it is across the range of things. And, as I say, working groups are being set up within this group to deal with each specific issue, including bank secrecy, including the kind of transfer through commercial operations and that kind of thing. But, as I say, I think this is a very good beginning and what is encouraging about it is that it is not the United States going around beating on other countries' doors saying we have to do something about money laundering, they are doing it on their own and we are cooperating.

Senator LIEBERMAN. Because they are beginning to feel that they are victims of the narcotics trade?

Mr. LEVITSKY. That's right, exactly. In many cases in Europe, I have found in speaking with them—and we, for example, this week have had both the British and the Canadians here to talk about Colombia and the Andes—they do not want to repeat what they see as our errors and our problems. So they want to get at it, very wisely, while it is in an incipient stage and deal with it before it becomes so much of a problem that they will have to repeat our own experience.

And we want to help them, too. We don't want the problem to shift to Europe, even if we are more successful here, because eventually it will come back to haunt us again. This is the way the money launderers operate. As long as they can get a good hard currency somewhere that will buy things that they enjoy, they will go after it. So we want to work on it. That is why the President's strategy is so much focused on multilateral efforts, on getting all the countries to do this, work on it comprehensively. And that is going to be a long range effort, but we hope very successful, and we are optimistic about it.

Senator LIEBERMAN. Well, the important conclusion I draw from listening to you is that breaking into the international money laundering network is a priority of the State Department and our antidrug policy.

Mr. LEVITSKY. And Treasury, in this particular instance, that is with the summit 7 has the lead. We are participating along with other agencies, but it is a high priority, yes.

Senator LIEBERMAN. It is certainly obvious from the hearings we have been holding that this is a big business, and the major motivation here is greed, protected by violence. So if you can break through the flow of money you are on the way.

Mr. LEVITSKY. Separating the drug mafia from its profits is a very effective way of dealing with the problem.

Senator LIEBERMAN. Right. One other somewhat related question. We have heard a lot of discussion about the International Coffee

Agreement from the ambassadors testifying before this Committee, and again yesterday when a group of the Senators met with President Barco.

Do you believe that the restoration of that agreement will really provide an economic counter-balance to the production of coca in Colombia and the other coffee growing nations?

Mr. **LEVITSKY**. I want to stick to what the President said on this one, Senator, if you don't mind. He said, we are going to have another look at that to see if we can make some progress on it. So, obviously, this was a subject of discussion, something that has bothered Colombians quite badly. We are looking at it and we will see.

Senator **LIEBERMAN**. I understand. And then perhaps a more general question. In our arsenal of diplomatic and military responses to international drug trafficking, where do you place economic aid to the Andean Nations?

Mr. **LEVITSKY**. Well, I place it—as you put it very well, it is part of our arsenal and we have to look at it. As I described earlier, what we want to do, particularly in the first year of our new strategy, is try to help restore civil authority to those areas. We think economic assistance and other economic measures, by the way, trade and other things, as well as the economic policies of the governments concerned, which have to be viable, otherwise, no amount of economic assistance is going to do any good, those things constitute part of the way of working against drugs.

In addition to law enforcement, the military getting involved, everything else that we have. But it is not the only answer.

Senator **LIEBERMAN**. What did you mean when you just mentioned the economic policies of the host government?

Mr. **LEVITSKY**. Trade practices. For example, it may be that in certain areas we are precluded by law from assisting industries—or assisting agricultural industries that sometimes compete with our own in areas where they might be a good competitor against coca growing. So we have to look at that and we may have to consult with the Senate and House about changing or getting waivers to some of that legislation to be effective.

Senator **LIEBERMAN**. Thank you all.

Thank you, Mr. Chairman.

Senator **NUNN**. Thank you, Senator Lieberman.

There has been some confusion in recent weeks about the role of U.S. military forces in the Andean region. There have been press reports referring to a classified Administration document which purportedly allows U.S. military forces to be directly involved in Andean country anti-narcotics operations, and earlier this year the Ambassador to Bolivia proposed U.S. Special Forces troops replace DEA personnel in joint United States-Bolivian anti-drug operations.

I would ask you, Mr. Duncan, what is the current role of U.S. armed forces in the Andean anti-drug operations, perhaps country by country?

Mr. **DUNCAN**. Well, I think probably General Herres can give a more precise summary, but as a general policy matter, let me make it very clear, the President's words have been stated on several occasions. I am not sure how the confusion keeps arising, but our policy is that our forces there, whether they are, for example, mobile training teams or whatever, they are there to provide training. It can be in communications, intelligence, those kinds of things, operational support, but that operational support will not include intentionally sending members of the Armed Forces on raids on laboratories and so forth. They will be doing training. That is not the purpose of having our forces there.

We feel we have a very good understanding of what the rules of engagement are and what the policy is as far as the use of the Armed Forces. So I am not quite sure why the confusion keeps arising.

Senator NUNN. General Herres, maybe I can get an answer from you on that one.

General HERRES. Yes, sir. The ground rules are that our forces will conduct training and operational support. They will not accompany indigenous forces on actual raids, whether they be interdiction raids or the equivalent of combat patrols, so to speak.

They will be allowed to go into the field if they are on training missions, but not those directed against a selected target or on a patrol status.

Senator NUNN. How about medics and communication people? We have heard that there may be some difference in their ability to go out on operations.

General HERRES. Not on the actual operations.

Senator NUNN. So the rules for those are just the same as they are for others?

General HERRES. Yes, sir, and the same in all countries. We have aligned the rules so that they are the same as the kind of training support our advisors provide in El Salvador against the insurgency there.

Senator NUNN. If you take an operation like Snowcap, what is the role of DOD in Snowcap's operation? What has it been and has that changed?

General HERRES. I need some help on Snowcap, I have got so many exercise names in my mind.

Senator NUNN. Mr. Duncan. This has been primarily a DEA operation.

Mr. DUNCAN. It has been primarily a DEA operation and we have had people who are there doing training, but if you are talking about specifically the Upper Huallaga Valley or something of this sort, it has been a DEA-led operation, not an armed forces thing. It is different. I guess what I am saying is the kind of support that we are prepared to offer now under the President's Andean strategy, operational support, training, and so forth, we have been providing and have been providing in the past, but we have not specifically had an armed forces operation at the Santa Lucia base in Peru, for example. It is a DEA operation.

Mr. LEVITSKY. Senator, if I could just add on this for instance, in Peru, there has been a very useful training going on at a city called a Mazamore, which is not in the Upper Huallaga Valley, but basically Special Forces have been used over the years to train police to guard, particularly the base at Santa Lucia and do patrolling and that kind of thing.

So they have been out of the most dangerous area training people who will be going in there with this interdiction and police role. That has been very useful, and we are going to be discussing ways that we can increase that and make it even more useful.

Senator NUNN. Who pays for the support the Department of Defense gives? For example, items that you ship down to South America, weapons, training and so forth, what is the policy on the payments?

Mr. LEVITSKY. In the past, for example, for the training teams—out of our international narcotics budget, we have paid for some of the support. Not the salaries, but I think under—particularly for 1990 where the additional increment in military assistance is coming out of the Defense Department budget and will be a sort of drawing rights procedure, I guess, set up on this, I think all the expenses would probably come out of that.

Mr. DUNCAN. Well, for 1990, Senator, my understanding, the President's current position is, of course, he has amended his request for the Congress to increase the Department's share of the drug fight to $450 million, and out of that would come a certain amount of funding to support the international strategy, and part of that the Andean strategy, if I am answering your question.

Senator NUNN. Well, I guess really what I am getting to is, if you take supplies down to Bolivia for DEA and haul things back and forth, transportation, equipment, and so forth and so on, do you bill DEA now and they have to reimburse you, or do you absorb that within the DOD overall effort?

Mr. DUNCAN. We have billed in the past. Now, of course under the Economy Act the Secretary has the discretion under statute to waive the provision of that on a case-by-case basis. We follow that very closely. We want to preserve that right to review each request on a case-by-case basis.

But prior to 1990, my understanding is we have been billing people.

Senator NUNN. We keep hearing about shortages of helicopters. It doesn't matter what country you talk to or what agency you talk to, nobody seems to have enough helicopters. Has DOD done a recent assessment about whether there are indeed helicopters that could be made available to this overall drug effort in different countries, including the Andean countries, that are not absolutely essential for our Department of Defense operations now? Have you done a recent assessment on that?

General HERRES. The problem, Senator, is more than just airframes, the problem is air crews and maintenance support. And so you have really got to provide help in all three areas, and helicopters are a chronic problem.

I am doing this from memory now, but the situation has been better in Bolivia than the other two countries. I am sure Colombia is in much better shape than they were, but the situation is a little bit different in each country. In Peru, for example, they don't have a whole lot of American equipment in their inventory, and so they have some American helicopters, but not very many. So it is a question of not just giving them the helicopters, but building up the infrastructure as well. But helicopters are probably the single most important piece of equipment that are needed in this kind of activity.

Senator **Nunn**. The recent order by Secretary Cheney for the military to get more involved in this overall battle, does it include getting an inventory of helicopters and determining what helicopters could be made available, along with perhaps what crews and so forth? My impression is a lot of these helicopters in these countries have crews that can fly them but the helicopters are down so much of the time being repaired.

General **Herres**. That is part of the problem. I would say that that is probably the biggest part of the problem, is making sure that countries have adequate maintenance support, people trained to maintain them, as well as a flow of parts.

Senator **Nunn**. I guess what I am asking is, is somebody doing that in the Department of Defense?

General **Herres**. Well, I think that is really what we need to do as we work out the details of the Andean strategy and the allocation of aid and so forth. It is not something that we can just sit down unilaterally and work out what we think their needs are. Our military groups in each of those countries need to work with the people both in the civil police and the military of those countries.

Senator **Nunn**. I agree with that, but somebody back here needs to look and see what you have got, too, and I guess my question is, while they are out there talking about what they need, which won't take long, is somebody back here figuring out what can be made available?

Mr. **Duncan**. To answer your specific question about the Secretary's guidance from last week, no, it does not include a specific provision to add up the number of helicopters we have. But we have asked the CINCs to make their recommendations, and when those recommendations come in, obviously, we are going to have to look at our resources and tabulate what we have and what we can do with finite resources.

Senator **Nunn**. Well, are the CINCs making recommendations about what they need themselves for their own military, or are they making recommendations about the area and the needs? For instance, who is doing the assessment about what the needs of the Andean countries are in helicopters?

General **Herres**. This will be CINCSOUTH's responsibility, and each of the military groups in each of those countries works directly for CINCSOUTH and it will be their responsibility as we get into lower levels of detail of this plan.

But what I am trying to get across, Senator, is the point that it is not just a question of coming up with 10 for one country and 20 for another country and 30 for still another. There is an absorbence into the infrastructure and all of the associated things that go with it. And each CINC is responsible for developing details of his plan. CINCSOUTH will have that responsibility.

Senator **Nunn**. Is CINCSOUTH going to also tell you where those helicopters are coming from, or is that somebody else's job?

General **Herres**. We will have to do that here.

Senator **Nunn**. Well, who is doing that here? I guess that is what I am getting at. He is going to be saying, here is the need, everybody is going to be saying, here is what we need. Who is going to be back here saying here is where we are going to get them from?

General **Herres**. We will do that within the Department. Secretary Duncan's office will be working for the most part with the Department of Army on that.

Senator **Nunn**. But you haven't started on that one yet?

General **Herres**. No, sir.

Mr. **Duncan**. Well, we haven't received anything back yet. I mean, we have not done any recent tabulation—to answer your question—about that.

Senator **Nunn**. Well, it looks like somebody would say, well, assume they are going to come in and ask us for a lot of helicopters, let's go ahead and get started and see how many we can make available and what we can do. Wouldn't that be a logical assumption to go ahead and move on that?

General **Herres**. Again, it is not that simple. We have already provided a lot of helicopters down there to the Bolivians. What helicopters the Bolivians have, and to some degree the Colombians, have come from us. It is a question of another iteration of that. We now have a plan and a commitment for a larger allocation of resources that can be used for that purpose. The expectation for those resources didn't exist in sufficient quantities until just recently. So now we have to go into the next step of iteration, and that will be to balance the need for helicopters and in what quantities, against other needs of other kinds of equipment.

Senator **Nunn**. It would be helpful to us to get something from you all as soon as you get it and it has been sufficiently reviewed over there so we would know over here what the requests are going to be, and also what your inventory is versus those requests.

The reason I say that, we are right in the middle of a conference now and one of the big things is how many helicopters we are going to buy. There were a couple of helicopter lines that were closed down. Some of those have been added back in one bill, some in another bill. So we have got some big decisions in the next 2 weeks, in our conference in the next week I hope, but in the appropriations conference in the next 2 weeks, to determine about how many helicopters to buy.

Now, I know those helicopters are not necessarily the ones that would go, but it may very well be that the number we buy and the replacements can affect what you turn loose from your older inventory. And I think that we would have an impact—I mean, if we were to be able to get that in the next 2 weeks, it could have a bearing on decisions made in terms of procurement.

General **Herres**. We will get you what we can in the plan from CINCSOUTH. At least the first cut of his plan is due in on the 15th of October. Since I am going down there this afternoon, I will make sure that we get some details.

Senator **Nunn**. You are going where, down to CINCSOUTH?

General **Herres**. Yes, sir. So I will be sure that we have got some detail you can work with.

Senator **Nunn**. That would be helpful, and the State Department, I know, gets very involved in this. What is your role?

Mr. **Levitsky**. Well, I just wanted to give you a sense of what we are calling the implementation process of the President's strategy and the decisions he made on increased military assistance.

What has happened is we have sent a cable to the three embassies involved here, all of whom are designated to get additional military assistance in 1990, and we have asked them to work within their country team—that is, with the Defense Attache's office, with military groups, with the DEA, with our own groups, and talk to whatever country, the Bolivian Government, and develop an implementation package which would include military assistance, law enforcement assistance from another part of the budget, and intelligence assistance, and bring it together in a combined package that is not just how you use the helicopters or something else, but what objectives are we going to try to accomplish over this year with these assets. In other words, objective first.

Now, what do you need to try to help the Bolivian Government accomplish that objective? Let's say it is cutting off precursors, so you need riverine capability, perhaps some airlift capability, that kind of thing. But match it to the resources and try to stay within the bounds, obviously, of what we believe will be the general amount of assistance available.

And that process will then, obviously, be coordinated here in Washington. We are hoping that within the next couple of weeks we will have their plans back. We have given them a format. We have also said to them that this military and economic assistance up the line is going to be, has to be, performance related, so tell us how this is going to relate to performance, what it will accomplish, what are the milestones for our being able to judge whether in fact we are getting some result out of that additional increment of assistance and what we will get.

So it is, I think, a process that is aimed not at just putting the resources in but trying to accomplish an objective.

Senator NUNN. Well, once you get that objective and you get the material and you get the results and you measure it against it, I hope you tell our domestic people the same way you are doing it. Because I never have discerned that we have goals and objectives and measurements of what we are doing here. That is one of the things that is most frustrating about this whole drug effort. We have been seeing it for 15 years and there is very little way of measuring what is working and what is most effective.

There are just no tools like that, and I know Director Bennett has tried to develop those, but even the tools of how many people are using narcotics are not adequate now. I mean, we are measuring very limited segments of the population, and so we don't—we are pouring billions and billions of dollars in, which all of us think we need to do, it is really not being done in any kind of a way that has firm goals, firm objectives, and ways of measuring how we are making progress.

Mr. LEVITSKY. It is going to be difficult.

Senator NUNN. So I am glad you are doing that.

Mr. LEVITSKY. We are trying to do it. What I will warn you a little bit on is when the results come in, when the objectives come in, we are going to have to make some value judgments on what has been accomplished and whether more can be accomplished, because it is performance related assistance.

But at least I think we have it organized within the Government in a way that makes sense by looking at what we are trying to accomplish first.

Senator NUNN. Well, I think that is important and I am glad you are doing that.

Mr. SKOL. Mr. Chairman, may I add that a critical part of this process is the negotiation with the governments of Colombia, Peru, and Bolivia——

Senator NUNN. Absolutely.

Mr. SKOL [continuing]. So that they agree, we agree together, what we need, what the objectives are, and what the standards are.

Senator NUNN. That is what I was getting at with the army a little while ago. If you don't have clear objectives there and a meeting of the minds, then we are giving them aid for one purpose and they are using it for another purpose. So I couldn't agree more with that approach and the governments have to be very much a part of it down there.

We have gotten testimony this week that the U.S. Coast Guard is currently flying DEA supplies into the Upper Huallaga Valley. I know for a fact that the Coast Guard's resources are very, very thinly spread. I also know that we have got National Guard units with C–130's all over the country that love to fly and do fly missions.

Why wouldn't it make sense for the National Guard to relieve the Coast Guard of these flights with supplies?

Mr. DUNCAN. I will defer to my colleague from State on that, Mr. Chairman.

Mr. LEVITSKY. Let me explain the background of what happened. When the Colombia crisis ensued, the hot part of it at least after the assassination, we determined from the Colombians that they needed a C–123 aircraft. This is, as you know, a very old aircraft. We had a couple in our air wing that were in Peru. Although C–130's were part of the 506–A package, they needed a—they had a particular use for lift capability and short takeoff and landing of the kind that a C–123 would do.

So we looked around, frankly, as quickly as we could because we wanted to get a C–123 to the Colombians at that particular point, and we found the Coast Guard was willing to more or less loan us a C–130 for 60 days, approximately——

Senator NUNN. A C–130 or 123?

Mr. LEVITSKY. No, it is a C–130—to replace the capabilities of a C–123 in Peru.

So what happened is we made a switch. We are using the C–123 in Colombia, the Colombians are. We are using the Coast Guard's C–130 to hop over the mountains into the Upper Huallaga Valley bringing supplies for our people—that is, State Department and DEA—and when we get another C–123 repaired, which is in repair now, we will go back and the Coast Guard will take its plane back. So it is for a short period of time.

Senator NUNN. Well, it seems to have gotten better recently, but when our staff was down in the Andean countries, they found there was a shortage of supplies because people couldn't fly them down there. And it just looks to me like it wouldn't take many phone calls if somebody got on top of it to get some National Guard units involved.

I guess—and I haven't talked to them—but I think they would welcome that. They have some of the more modern C-130s and they also have very good teams of people and they are flying these missions all the time for practice and they could easily do it. Maybe you all could discuss that a little bit as to any additional needs you might have.

Mr. LEVITSKY. We will, but I would point out, until recently we could not fly a C-130 into the Upper Huallaga Valley because we didn't have that airstrip. We have only had that airstrip C-130 capable for I guess the last month to 6 weeks or so. So it is only recently we could use it at all.

Senator NUNN. Right. Mr. Levitsky, recent news reports, as well as information provided our staff, indicates that the Peruvian military in the valley may have basically gone towards working with the peasants, even those growing coca, against the Sendero. Is the State Department taking an active role in this on a policy basis? Are you trying to encourage that not to happen?

Mr. LEVITSKY. Yes, and we are concerned—frankly, we are not sure absolutely of the accuracy. I mean, reports have ranged from taking payoffs from the traffickers so that they could go after the Sendero, that is to let the flights in, to other kinds of collusion.

We are very concerned. We have talked with the Peruvian Government about this. We have made it clear that we cannot accept this. The motivation here is a particular general wants to feed his troops and he doesn't get enough supplies to do that. One of the things we hope to accomplish with the military assistance is to give the Peruvian military better capability to work in that valley. And remember, the problem in the valley is not just drugs, it is drugs and insurgency. You cannot deal with one without the other. But it is not something that our government accepts at all, just as we cannot accept human rights abuses, corruption, or anything else.

Realistically, some of this happens. There is corruption going on in a lot of places, but we cannot give it up because that exists, we just have to work against it. So we have made our own position clear. I hope it will change.

I would point out again, though, that I don't know to what extent this exists. Apparently it does exist to a certain extent.

Senator NUNN. You may have gotten into this with Senator Lieberman when I was gone, but I would like to know what your view is about eradication and crop substitution. Everything I have heard this week and what I have heard before indicates that you really are going to have a dual strategy. Number one is interdiction near the source to drive the price down, as opposed to interdiction way off, which has a different effect. But nevertheless, interdiction to drive the price down, and crop substitution.

Now, obviously, you are working the interdiction and you are trying to get the price down. What are you doing about crop substitution?

Mr. LEVITSKY. Well, it is pretty hard to run crop substitution in an area like the Upper Huallaga Valley where you have an—you cannot really even have civil authority going in and running a kind of crop substitution program.

The other thing I would point out is that in some of these valleys, the Upper Huallaga and the Chapare in particular, many of the people who live there, and in fact I would say most of the people who live there, were not traditional residents of that area. They came down, sometimes from cities or from the highlands, to go make more money than they were making before.

In Bolivia, for example, a good number of them in the Chapare Valley were in the tin industry, and when the market crashed they looked for employment down there. So part of our theory, at least eventually, would be not so much crop substitution, but finding income alternatives; that is, more jobs in the cities, more jobs in Bolivia in the highlands where they came from in the first place.

So it cannot be looked at, well, if you will just plant these oranges, or if we can set up a system to have them plant these oranges, they will suddenly flock to planting oranges. It has to be a combination of things.

The economic assistance we have in 1991 is meant to deal with the effect. And let's be very clear that whatever we do to be successful, whether it is demand reduction, whether it is interdiction, to the extent that we are successful, we will be affecting the livelihood of those peasants, whether the crops are being cut down or it is up the line in reducing our demand, so that is a problem that has to be contended with.

But it is illegal activity, so we have to work against it. And in any case, our program, as I said before, for 1990 is first to gain civil authority. Then maybe some of the other programs could go forward. But it has to have a commitment by the local government as well, and the political will to go in and do it, and we have had some problems in that regard in the past.

Senator NUNN. Well, how much money are you going to have available for, whether you call it crop substitution or income alternatives? I haven't seen anything in your budget, your plan, or anything else that would indicate there is anything like the kind of resources, if America is going to pay for it. If we are not, if somebody else is going to pay for it, the local governments or an international effort, that is another thing. But I don't see a plan, an economic plan, and I don't see any resources to pay for that.

You may have it in your mind, but it doesn't appear to me to be on paper and there is no seeming match between what you just stated as your plan and any kind of resources. Where are the resources?

Mr. LEVITSKY. Well, we haven't submitted the budget for 1991 yet and we are just——

Senator NUNN. I thought that was part of the 2 year plan that you had.

Mr. LEVITSKY. No, this is 1990. I was talking only 1990, which only includes military and law enforcement assistance. In 1991 through 1994 the plan is to provide performance-based economic assistance in the area of 200—well, first year, about $125 million a year to 2 countries, Bolivia and Peru, and in the area of $200 million divided up in some way, based on performance, again, for each year thereafter. This is a ballpark figure. We have not submitted that in any kind of budget document, but it has been part of the decision-making process as this strategy has emerged, military assistance first, with some economic incentives up the line.

Senator NUNN. Is that going to come from the existing foreign aid budget?

Mr. LEVITSKY. It is going to be in the 150 account. I can't tell you now what ceilings will apply to the overall figured and whether it will detract from something else. We haven't figured that out.

Senator NUNN. Are you going to come up with what you said a little while ago, with objectives and then the means to carry those out and ways to measure it? Is that what is going to drive the money, or is it going to be an OMB figure that they send over and say, this is all you can have? And how are we going to know that your objectives—let's say hypothetically it really ought to cost a billion dollars and you are going be over here asking for $100 million, and by the time OMB gives you your instructions you are going to say that is all we need, and here we start pouring money in and it is not going to do the job.

I mean, that appears to me to be where we are heading.

Mr. LEVITSKY. Well, no, it is—I won't say that that doesn't happen, but——

Senator NUNN. So I guess my question—I will make this a question—do you have objectives that have a price tag, or are you developing objectives that have a price tag, independent of OMB at this stage? Are you going to have objectives that you can present to Congress and say, here is what we need to do to do it?

Mr. LEVITSKY. We have objectives. We decided on the objectives, the President has decided on them. We have a basic round package, $2.2 billion over a 5 year period of time.

Senator NUNN. For the two countries, Bolivia and Peru?

Mr. LEVITSKY. Well, that includes Colombia, as well, but economic assistance in this respect——

Senator NUNN. $2.2 billion over how many years?

Mr. LEVITSKY. Over 5 years.

Senator NUNN. Beginning in 1991?

Mr. LEVITSKY. Beginning in 1990, but no economic assistance in 1990.

Senator NUNN. But that includes the military assistance you are giving now?

Mr. LEVITSKY. That includes all—that includes law enforcement, that is our particular budget—intelligence support, military assistance and economic assistance as well, but only drug related. There are some other kinds of assistance programs that while you could say they are drug related in the sense that they improve the ability of the country to deal with the problem, they are not specifically this part of the strategy.

And we have it. We have objectives, and what we are trying to accomplish. We have a resource number posed against that over a period of 5 years. OMB has been involved in this process from the beginning so the decisions, as far as I'm concerned, have been made. I am not telling you there won't be glitches at some point, but as far as those of us who have worked on this are concerned, those decisions have been made already. So we have the objectives matched against a general figure of money.

Senator **Nunn**. Well, if our hearings this week have said anything loud and clear, it is that unless you get those resources and it does have an economic framework, that what we are spending in these other areas, this may very well exceed what you are asking for, is going to be—a lot of it is going to be wasted.

We are spending enormous amounts of money to handle the problem after it leaves, and there is no doubt in my mind that the closer you stop the drugs to the source, the better off you are and the more efficient your money is.

Mr. **Levitsky**. What you have described is the theory of our strategy.

Senator **Nunn**. I hope you can find a way to give visibility to that number before it goes through all the process, otherwise, it can get squeezed out to the point where what we are spending just doesn't make any sense anywhere.

Mr. **Levitsky**. Senator, I think we are there in terms of the executive branch decision-making process, and we may need some help in the Congress over here as that number moves through as well. But it is matched in a very studied, thorough way as between objectives and this sum of money.

Senator **Nunn**. Well, when the crunch will come is if it gets thrown into the overall foreign aid pot, which has already been diminishing and there is tremendous frustration in that account now.

So I guess my final question to you, are we simply going to be told to take it out of the existing pot or is it going to be a fresh source of funds?

Mr. **Levitsky**. Well, I can't tell you that right now because, again, we haven't come up with the full figure for 1991. All I can say to you is that my assumption is—and maybe I'm tunnel visioned as the anti-drug person at the State Department—as far as I am concerned that program is set and that is essentially all I care about at this point. Now, how that is going to work out in the overall package, I really cannot say, but I am focused on that figure in terms of carrying out certain objectives over the next 5 years.

Senator **Nunn**. Thank you Mr. Levitsky.

Mr. Skol, do you have anything to add?

Mr. **Skol**. I would just add, Mr. Chairman, that the visibility of those figures that you are talking about is also very important to the decision-makers in the three countries. A person like the President of Bolivia or the President of Peru would be hesitant to make certain very difficult decisions in the law enforcement and military areas if he didn't think that down the line—once there is success in law enforcement, in interdiction, and people start to be hurt economically at the lower end of the social scale—there were not the kind of economic safety net that we are talking about. That is the nature of our discussions with those three governments right now.

Senator **Nunn**. Thank you. Mr. Duncan, do you or General Herres have anything else to add?

Mr. **Duncan**. I started briefly, Mr. Chairman, I'll close very briefly. I just want to simply assure the Committee that we are committed to do everything we can, with energy and candor, to support the President's strategy, but we are going to have to be very prudent with a finite amount of resources as we go about this.

It is an important policy, but we also have other important missions. We are doing our best to balance those important missions and to carry out the President's strategy with vigor.

Senator NUNN. There is one thing we need you to do, and this needs to come next week, and that is, we put some money, about $450 million, into the Defense bill for your drug effort. Now what we have got is the Byrd amendment, which added a good bit additional for DOD to fund for the drug efforts of other law enforcement agencies, health, education, and so forth. And that has been agreed to and signed off.

Now, the question we are going to need next week in our conference is whether the $450 million has been affected by that additional infusion, whether we can reduce the $450 million somewhat because you are getting some of that money from the other source, so we don't have any crosswalk between those two, if you could take a look at that.

In other words, is the $450 million still what you need to do your job, or are you going to be getting some additional resources from the Byrd add-on?

And the other question is, are some of the law enforcement agencies that are going to get additional money from the Byrd add-on going to be able to do things that you had anticipated doing?

Mr. DUNCAN. All right, sir.

Senator NUNN. Do you understand what I'm getting at?

Mr. DUNCAN. Yes, sir.

Senator NUNN. That $450 million may or may not still be a valid number based on all these changes. I guess you have to assume for this purpose that the House is going to accept the Byrd amendment.

General Herres, do you have any other comments?

General HERRES. No, sir. I would like to make sure that it is understood on the helicopter question that we are really talking about two categories of helicopters. There are the helicopters that would go to the military to enhance their capabilities to deal with their portions of the problem, which varies a little bit from country to country, as you know. And then there are the helicopters that the INM people operate in support of DEA and the civilian organizations. And again, that varies from country to country. So it does get to be a complicated problem. But it is not unlike, really, developing the answer to the question you just asked. We have got to try and piece all that together.

Senator NUNN. Yes, we need to crosswalk it, and we also need to get some relationship between the new helicopters and whether those will free up some old helicopters and when that would take place.

General HERRES. See, we have some coming out of the inventory. We are bringing down our helicopter inventory in the Department of Defense now and so there will be helicopters available, as we have said over here before, for that purpose.

Senator NUNN. Well, I know you all aren't going to believe this, but Congressional Committees are not always coordinated—I know the Executive Branch is—so we need to be able to crosswalk, because we have got drug money floating around here in all sorts of appropriations bills and in different directions. And the coffee arrangement, the lack of coordination there also is typical of what happens over here in many of these things in terms of people just not coordinating. So that kind of crosswalk would be helpful.

Have you got any particular drug mission when you are going down to SOUTHCOM? You are going to be talking about that, I'm sure.

General HERRES. Well, we will be talking about it. I am going down for the Change of Command Ceremony, which will take place tomorrow.

Senator NUNN. That is taking place tomorrow?

General HERRES. Yes, sir.

Senator NUNN. All right. Thank you all for being here and we appreciate very much your testimony. We will look forward to continuing to work with you as we all tackle this awesome problem.

Thank you. We will leave the hearing record open for additional exhibits and statements for 2 weeks, without objection. Also, at this time, I have some additional exhibits to introduce into the record, without objection.[1]

[Whereupon, at 12:15 p.m., the Subcommittee adjourned, subject to the call of the Chair.]

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[1] See p. 314 for Exhibit 17; p. 319 for Exhibit 27; and p. 322 for Exhibit 28. Exhibits 18-26 and 29-32 have been retained in the Subcommittee files.

APPENDIX

Statement of William J. Bennett
Director, Office of National Drug Control Policy
Senate Committee on Governmental Affairs
Permanent Subcommittee on Investigations
September 26, 1989

Thank you Mr. Chairman. I want to thank the committee for arranging this hearing and providing me the opportunity to discuss some of the international aspects of the President's National Drug Control Strategy.

Let me first be clear about the priorities of the Strategy. The first and foremost priority of our effort is to reduce the level of drug use here in the United States. Drug use is the problem: it diminishes the moral responsibility and the civic virtue of our citizens. Drug use makes people bad parents, dangerous co-workers, and dull students. We must cajole, coerce, and educate Americans away from choosing drugs.

The courageous President Barco of Colombia was correct when he said in a recent speech that America's drug users -- all drug users -- are supporting the terror and the murder of innocent people. The crack addict, the weekend "recreational" cocaine user, and the teenager who begins experimenting with drugs in high school -- all of them help create and support a market for drugs that finances the violent and destructive activities of the drug cartels.

If we accept that drug use is the problem, what approach should we take to the so-called "supply" side of the problem? Do we ignore the international organizations which satisfy the demand? Do we allow entire countries to become dominated by drug criminals? Do we allow drugs to enter the U.S. and merely hope that our "demand" side efforts will convince people to turn away from them when they get here? The answer is -- obviously -- no. When we look at these problems in their full complexity we realize that the easy division, between supply side solutions and demand side solutions, breaks down. In large part, we have a drug problem in the United States because a great number of Americans choose to use drugs. We have got to reduce that demand. The National Drug Control Strategy submitted to you by President Bush on September 5 is committed to making sure we have more and better drug prevention and treatment programs across the country. But if drugs remain cheap and readily available on our streets and in our neighborhoods, the success of even the best demand reduction programs will be difficult. So we must recognize that any genuine attempt to reduce drug use must address the fact that there will be an abundance of illegal drugs in this country as long as the drug trafficking organizations in the Andean countries are able to produce and export hundreds of tons of cocaine for American consumption.

What do we propose to do about it? First, we must support those who are fighting battles which, if won, will reduce the availability of drugs on our streets and to our children. We must provide aid -- military, law enforcement, and economic aid -- to the legitimate authorities in Colombia, Bolivia and Peru. As a first step, we are providing $65 million in emergency aid to Colombia after President Barco's crackdown in response to the terrorist assassination of Senator Galan. President Bush has also proposed that we provide $261 million in FY90 for Colombia, Bolivia and Peru. I urge the Congress to make these appropriations as expeditiously as possible; there is an immediate opportunity in Colombia upon which we should capitalize. Finally, our plan calls for up to $2 billion dollars of assistance, split among the three countries, over the next five years.

The role of the U.S. military in this effort is clear. First, there is no contemplation of the use of United States' Armed Forces personnel in any combat role in the Andean countries. Second, none of the three countries has asked for U.S. troops to assume such a role. Third, no U.S. military personnel will accompany host government forces on actual field operations. Fourth, U.S. personnel in these countries will provide training on U.S. provided equipment on the tactics related to the employment of that equipment. They will also provide logistical support.

How is our plan different from past U.S. policy? In some ways it is very different. We will be providing a good deal more assistance than we have in the past. We will be providing better assistance, more effectively focused on disrupting trafficking organizations and their operations. We will organize these efforts more effectively than we have in the past. But it remains the U.S. goal to create the economic, legal, military and moral strength within these countries to allow legitimate authority to prevail.

The proud people of these nations do not want a U.S. invasion, they want the means to fight against cartels that have in large measure been financed by U.S. wealth. We have an obligation to help them do this -- for our sake as well as for theirs.

Statement

of

DAVID L. WESTRATE
Assistant Administrator for Operations
Drug Enforcement Administration

before

the

Permanent Subcommittee on Investigations
United States Senate

concerning

Anti-Narcotics Activity in Bolivia
Colombia, and Peru

on

September 26, 1989

Chairman Nunn and Members of the Senate Permanent Subcommittee on Investigations: I appreciate this opportunity to appear before you today to discuss anti-narcotics activities in the countries of Bolivia, Colombia, and Peru.

Earlier this month, President Bush announced a national anti-drug strategy that emphasizes enforcement, international aid, interdiction, education and prevention, and treatment. The goal of the plan is to cut drug use by 50 percent over the next ten years.

DEA's mission and objectives are consistent with the national strategy. In the initial development of the plan, we participated in a national security review of the drug situation, providing input in the areas of intelligence, international operations, interdiction, and law enforcement. We also reviewed and provided input regarding the national strategy, as well as documents involving U.S. drug control policy and strategies, and more specifically, the Andean Strategy that targets the countries of Bolivia, Colombia, and Peru.

The objective of the Andean Strategy is to reduce the amount of cocaine from the three Latin American source countries that are responsible for the vast majority of the world's supply. The plan calls for isolating major coca-growing areas, blocking delivery of chemicals used for cocaine processing, destroying cocaine hydrochloride (HCl) processing laboratories, and dismanting trafficking organizations.

This strategy is essential to the success of our nation's overall drug control program. The Andean Strategy enables us to disrupt the drug trade from cultivation to arrival in the United States, rather than merely confronting it on our streets.

As you are aware, Operation Snowcap is now fully operational in the coca source areas. It has the potential to curtail the supply of coca reaching the cartels for processing and shipment to the United States. Snowcap operations are conducted with law enforcement officials in the host country. DEA personnel act as advisors, and INM provides support and U.S. mission coordination with the host government. Other U.S. agencies also participate. The U.S. Coast Guard and the U.S. Border Patrol act as advisors for riverine and road operations. The Department of Defense provides training and logistical support.

The strategy is designed to extend to other Latin American countries a variety of interrelated aerial, waterway, and ground enforcement/reduction programs that were proven to be highly successful during late 1986 in coca reduction efforts under Operation Stop Prop/Blast Furnace in Bolivia.

From the beginning, DEA has realized the complexity of organizing, mounting, and continuing an operation having the unprecedented scope of Snowcap. We have sought and received cooperation from diverse elements within the U.S. government. From our initial planning sessions held at Fort McNair in January 1988, we have been receiving extensive support from all factions of the Department of Defense -- for training, logistical support, and transportation. As a matter of fact, the operational plans for Snowcap were written jointly by the Department of Defense Center on Low Intensity Conflicts and DEA.

Also, a DEA-sponsored Department of the Army Front End Analysis initiated by General Maxwell Thurman addressed the issues of operations, security, personnel, training, management, and logistical support. As a result of this multifaceted study, DEA initiated a comprehensive plan in conjunction with the Department of Defense, Agencies of the National Foreign Intelligence Community, and the Department of Justice to educate and equip all personnel participating in Operation Snowcap. As well, Snowcap personnel are undergoing intensive training in such areas as basic ranger skills, tactical intelligence, and riverine boat operations. We are also conducting a 26-week Spanish language school plus a refresher course.

The tremendous production capabilities and the critical need for effective drug law enforcement in the Andean region are reflected in Snowcap statistics. For example, in the first two years of the operation, there were 30 cocaine HCl laboratories destroyed in Bolivia and 83 cocaine base laboratories destroyed in Peru. Also, over 1.2 million gallons of chemicals were seized.

However, Operation Snowcap is not an exercise to accumulate impressive statistics; much more importantly, it is an operation to reinforce the resources, resolve, and confidence of source law enforcement agencies to attack cocaine at the narrowest point in the supply chain and to eliminate significant processing capabilities. Additionally, foreign police departments are now being encouraged and assisted by the respective DEA offices to pursue conspiracy type investigations against the owners and operators of these laboratories.

Another way DEA is targeting the cocaine producing countries of the Andean region is through our Special Enforcement Operations (SEO) Program. Under the umbrella of these long-term operations, hundreds of individual cases are being conducted, substantial amounts of drugs are being seized, and numerous individuals are being arrested. It should be pointed out that these SEO's do not end with a "round up"; rather, they are highly dynamic operations that continue and develop until a specific drug problem has been solved.

Operation Bolivar targets the Medellin Cartel. Bolivar involves 15 countries, 51 DEA offices, 201 investigations, and 80 informants. Operation Calico targets the Cali Cartel and involves ten countries, 56 DEA offices, 170 investigations, and 84 informants. The cadres of SEO informants supply information concerning cartel members operating at all levels in South America, Europe, and the United States. In foreign situations, DEA relies upon a close working relationship with the host country government to pursue drug law enforcement activities.

The success of these strategies is substantiated by arrest and seizure statistics generated by Operation Bolivar and Operation Calico. As of July 1989, SEO Bolivar has been responsible for the seizure of over 58,000 kilograms of cocaine HCl, almost 15,000 kilograms of cocaine base, and over 63,000 kilograms of coca leaves. Also seized were almost 900,000 gallons of precursor chemicals and $23 million in U.S. currency. To date, 749 members and associates of the Medellin Cartel have been arrested.

At the beginning of this year, as a result of SEO Bolivar, 25 base and cocaine HCl laboratories were seized and destroyed in Colombia. The solvents confiscated from these laboratories would have manufactured approximately 88 metric tons of cocaine HCl. And, just last month, five major laboratory complexes were seized and destroyed in Colombia. Over 1,200 kilograms of cocaine HCl were confiscated as well as one-half million gallons of chemicals, enough to produce about 125 metric tons of cocaine HCl.

As of July 1989, SEO Calico has been responsible for the seizure of over 43,000 kilograms of cocaine HCl and over 1,300 kilograms of cocaine base. Also seized were $58.7 million in U.S. currency and property valued at $7.9 million. To date, 380 members and associates of the Cali Cartel have been arrested.

The arrests, seizures, and the destruction of processing facilities are believed to have had an impact on the cartels. Most importantly, Operations Bolivar and Calico have been responsible for the indictments against the cartel heads which will make it possible to bring these criminals to justice when they are apprehended and extradited.

Increasingly, we are also taking measures to strike at the heart of the cocaine cartels by confiscating their money and goods. For example, earlier this year, DEA, working with the Federal Bureau of Investigation, the Internal Revenue Service, the U.S. Customs Service, and elements of the Department of Justice, with the assistance of numerous state, local, and foreign law enforcement agencies, concluded what Attorney General Thornburgh termed "the largest money-laundering crackdown ever carried out by the federal government." Operation Polar Cap led to the destruction of a money-laundering enterprise called "La Mina" that handled $1.2 billion in illicit drug profits belonging to the Medellin Cartel. "La Mina" spanned nine cities across the United States, as well as England and several countries in Latin America.

Operation Polar Cap resulted in the seizure of more than one ton of cocaine; the confiscation of $92 million in cash, jewelry, and real estate; and the indictment of 127 individuals. One of those indicted, Eduardo Martinez Romero, was recently captured and extradited to the United States by Colombian authorities. He is charged with moving drug profits out of the United States through the use of almost instanteous electronic transfers between bank accounts in this country and abroad.

In addition, we have Special Enforcement Operations to immobilize other major Latin American trafficking syndicates which may contribute to the strength of the Andean region cartels. SEO Columbus targets the controllers of cocaine traffic in Mexico. Intelligence indicates that some Colombian cocaine trafficking organizations have aligned themselves with Mexican traffickers to take advantage of the Mexican traffickers' heroin and marijuana smuggling and distribution networks already in place in the United States. In other instances, Colombian trafficking organizations operate independently in Mexico. SEO Columbus is tasked with initiating and coordinating all DEA investigations involving Mexican cocaine trafficking. Currently, SEO Columbus, which involves 5 countries and 28 DEA offices, is coordinating 197 active cases.

This past April, the reputed mastermind of Mexico's drug pipeline to the United States, the notorious drug trafficker Miguel Felix-Gallardo, was apprehended by Mexican authorities. Gallardo headed an organization that reportedly shipped, on a monthly basis, up to two tons of cocaine into the United States. Seizures of Gallardo's personal assets may total over $1 billion.

I would now like to focus attention on another way we are attacking the Andean region cartels. As you are aware, chemicals diverted from legitimate commerce are critical to the production of cocaine. In fact, a significant portion of the cocaine smuggled into this country is processed with chemicals that are manufactured here in United States.

With passage of the Chemical Diversion and Trafficking Act of 1988, it is now increasingly more difficult for traffickers to obtain the essential chemicals necessary to produce cocaine. The legislation enables DEA to monitor and verify the movement of selected shipments through various domestic ports of entry. Import/export declarations for chemical shipments are reviewed and appropriate follow-up investigations are conducted on questionable shipments. These measures are resulting in the development of vital intelligence data on chemical diversion that is critical to drug enforcement investigations.

Last year in Vienna, over 100 nations signed the historic United Nations Convention Against Illicit Drug Trafficking. One of the important areas the convention addressed was that of chemical controls. This convention, which would have been impossible to even consider just a few years ago, clearly demonstrates that countries now realize the importance of working together in the worldwide war on drugs.

President Bush has strongly urged the Congress to ratify the U.N. Convention. In his message to the Senate, he called the convention "a tribute to the United Nations," saying "it represents the broadest and most far-reaching set of laws and agreements ever in the field [of narcotics trafficking and abuse]."

In conclusion, I would like to emphasize that it is vitally important that we work with and encourage other countries to engage their resources and efforts to effectively attack what has truly become a cancer on all our societies. To the greatest extent possible, we must disrupt the transportation and trafficking of drugs at their source, since the interdiction of drugs and traffickers is an immeasurably more complicated means of reducing the illicit drug supply to this country.

Later this year, the United States will participate in an Andean Drug Summit with the governments of the coca-producing countries. We are hopeful that out of this summit will come an increased resolve to battle the problem at its source, and thus significantly damage the cocaine industry.

I will be pleased to answer any questions you may have.

SUBMITTED BY AMBASSADOR VICTOR MOSQUERA CHAUX

ANTINARCOTICS ACTIVITIES OF ALL COLOMBIAN SECURITY FORCES CUMULATIVE FIGURES (JANUARY-AUGUST, 1989)

A. TRAFFICKERS DETAINED	
Colombians	2,851
Foreign nationals	27
B. DRUGS SEIZED (KILOS)	
Cocaine	26,260
Cocaine base	5,795
Basuco	427
Coca leaves	118,356
Pressed marijuana	450,012
Solid hashish	277
Liquid hashish (gallons)	130
C. CROPS DESTROYED (HECTARES)	
Coca (8,000 plants average per hect.)	453
Marijuana (7,000 plants average per hect.)	21
D. ARMS, VEHICLES AND AIRCRAFT SEIZED	
Arms	857
Vehicles	411
Boats	38
Aircraft	40
E. LABORATORIES AND CHEMICALS DESTROYED	
Laboratories	312
Ether (gals.)	620,995
Acetone	836,819
Ammonia	167,669
Sulphuric acid	116,673
Clorhidric acid	36,352
M.E.C.	459,615
Butanol and ethanol	59,355
Light carbonate (kilos)	113,464
Potassium permanganate	165,587
F. LANDING STRIPS DESTROYED	63

ANTINARCOTICS ACTIVITIES OF THE COLOMBIAN NATIONAL POLICE
1988

A. TRAFFICKERS DETAINED	
Colombians	5,563
Foreign nationals	31
B. DRUGS SEIZED (KILOS)	
Cocaine	18,701
Cocaine base	3,897
Basuco	537
Coca leaves	97,360
Pressed marijuana	922,858
Hashish (solid and liquid)	1,822
C. CROPS DESTROYED (HECTARES)	
Coca (8,000 plants average per hect.)	230
Marijuana (7,000 plants average per hect.)	5,309
Poppy fields	259
D. ARMS, VEHICLES AND AIRCRAFT SEIZED	
Arms	799
Vehicles	348
Boats	29
Aircraft	57
E. LABORATORIES AND CHEMICALS DESTROYED	
Laboratories	831
Ether (gals.)	271,388
Acetone	287,295
Ammonia	21,324
Sulphuric acid	127,508
Clorhidric acid	6,772
M.E.C.	
Butanol and ethanol	
Light carbonate (kilos)	323,182
Potassium permanganate	678,416
F. LANDING STRIPS DESTROYED	76

ANTINARCOTICS ACTIVITIES OF THE COLOMBIAN NATIONAL POLICE 1987

A. TRAFFICKERS DETAINED

Colombians	4,685
Foreign nationals	39

B. DRUGS SEIZED (KILOS)

Cocaine	8,326
Cocaine base	6,712
Basuco	278
Coca leaves	188,688
Pressed marijuana	1,287,261
Hashish (solid and liquid)	

C. CROPS DESTROYED (IN THOUSANDS OF BUSHES)

Coca	4,572,360
Marijuana	2,972,702

D. ARMS, VEHICLES AND AIRCRAFT SEIZED

Arms	914
Vehicles	187
Boats	40
Aircraft	20

E. LABORATORIES AND CHEMICALS DESTROYED

Laboratories	1,359
Ether (gals.)	44,754
Acetone	36,023
Ammonia	8,311
Sulphuric acid	10,170
Clorhidric acid	
M.E.C.	
Butanol and ethanol	
Light carbonate (kilos)	103,347
Potassium permanganate	14,190

F. LANDING STRIPS DESTROYED

F. LANDING STRIPS DESTROYED	25

ANTINARCOTICS ACTIVITIES OF THE COLOMBIAN NATIONAL POLICE
1987

A. TRAFFICKERS DETAINED	
Colombians	4,685
Foreign nationals	39
B. DRUGS SEIZED (KILOS)	
Cocaine	8,326
Cocaine base	6,712
Basuco	278
Coca leaves	188,688
Pressed marijuana	1,287,261
Hashish (solid and liquid)	
C. CROPS DESTROYED (IN THOUSANDS OF BUSHES)	
Coca	4,572,360
Marijuana	2,972,702
D. ARMS, VEHICLES AND AIRCRAFT SEIZED	
Arms	914
Vehicles	187
Boats	40
Aircraft	20
E. LABORATORIES AND CHEMICALS DESTROYED	
Laboratories	1,359
Ether (gals.)	44,754
Acetone	36,023
Ammonia	8,311
Sulphuric acid	10,170
Clorhidric acid	
M.E.C.	
Butanol and ethanol	
Light carbonate (kilos)	103,347
Potassium permanganate	14,190
F. LANDING STRIPS DESTROYED	25

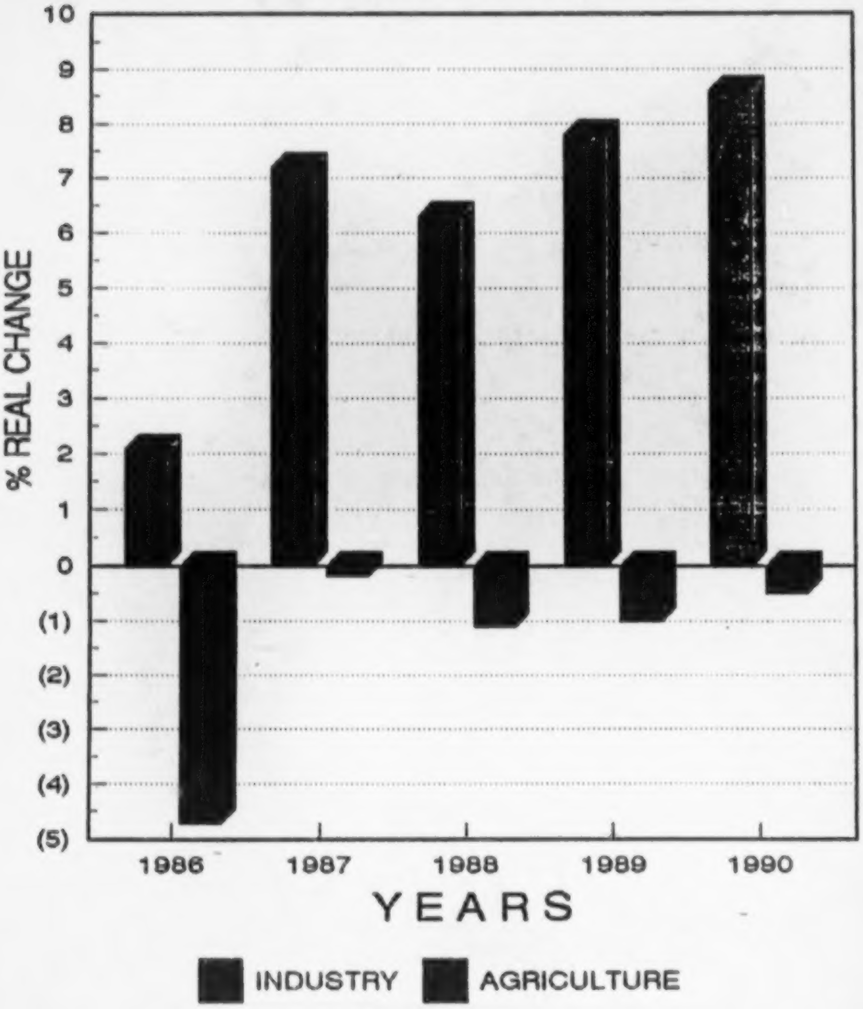
ANTINARCOTICS ACTIVITIES OF THE COLOMBIAN NATIONAL POLICE
1986

A. TRAFFICKERS DETAINED	
Colombians	3,659
Foreign nationals	40
B. DRUGS SEIZED (KILOS)	
Cocaine	3,039
Cocaine base	4,070
Basuco	481
Coca leaves	163,000
Pressed marijuana	846,000
Hashish (solid and liquid)	
C. CROPS DESTROYED (IN THOUSANDS OF BUSHES)	
Coca	6,955,861
Marijuana	1,195,692
D. ARMS, VEHICLES AND AIRCRAFT SEIZED	
Arms	345
Vehicles	185
Boats	5
Aircraft	21
E. LABORATORIES AND CHEMICALS DESTROYED	
Laboratories	572
Ether (gals.)	20,960
Acetone	57,508
Ammonia	14,463
Sulphuric acid	13,508
Clorhidric acid	
M.E.C.	
Butanol and ethanol	
Light carbonate (kilos)	127,000
Potassium permanganate	19,000
F. LANDING STRIPS DESTROYED	25

CHARTS SUBMITTED BY AMBASSADOR CARLOS DELIUS

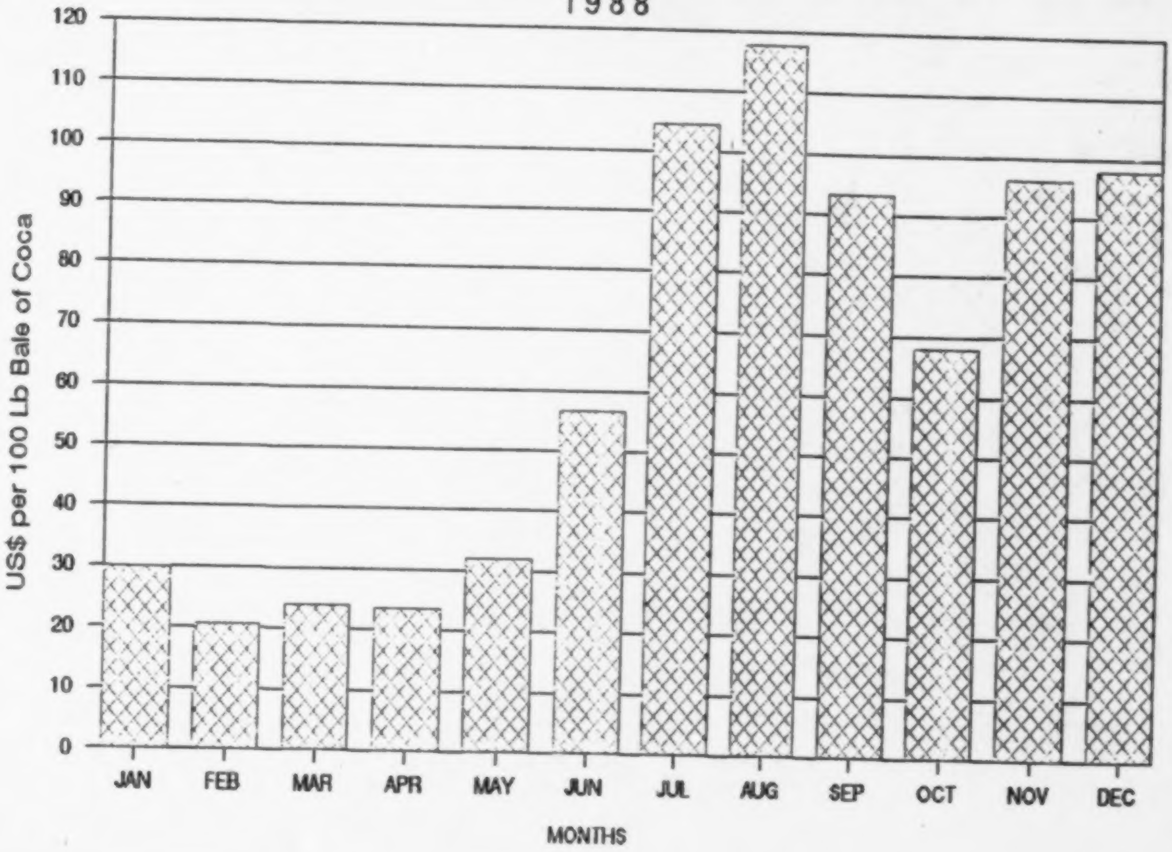
BOLIVIAN INDUSTRY AND AGRICULTURE

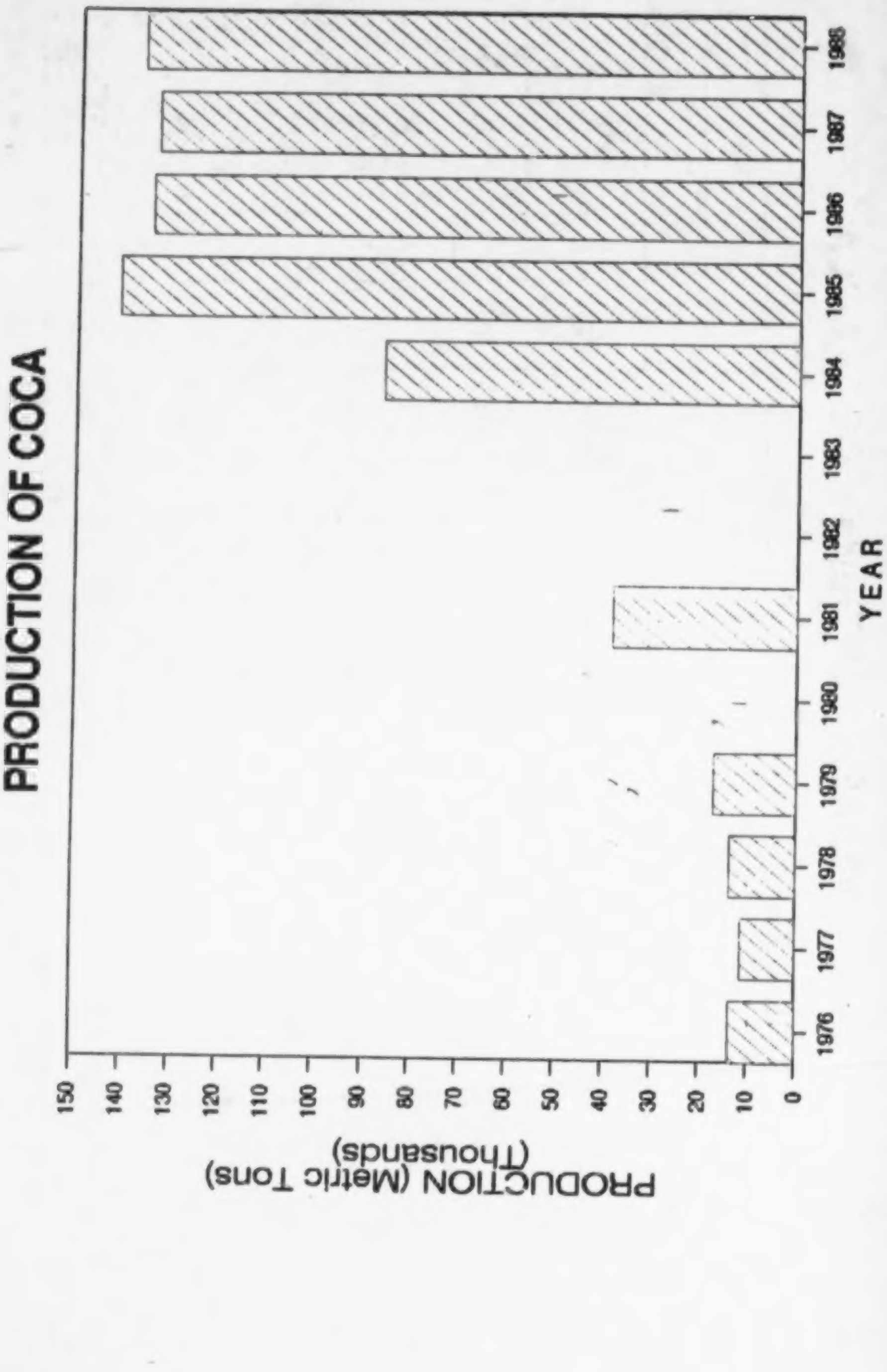
Percent Real Change



AVERAGE MONTHLY PRICE OF COCA

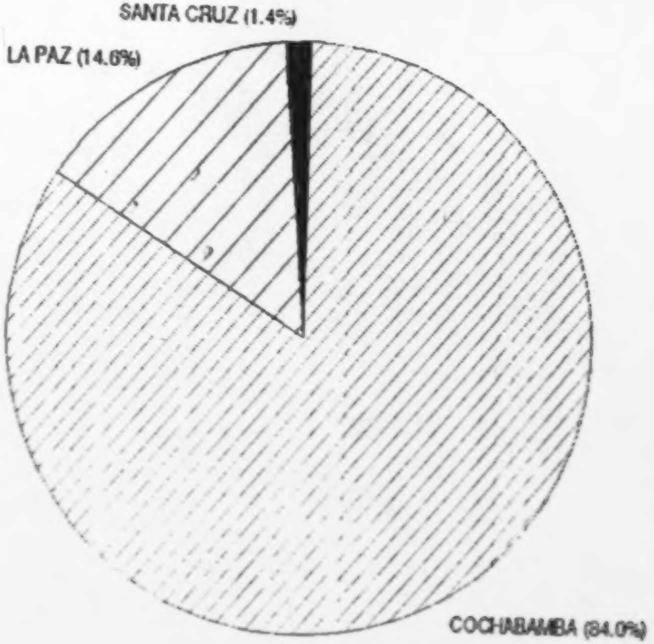
1988




PRODUCTION OF COCA
PRODUCTION (Metric Tons)
(Thousands)
0
10
20
30
40
50
60
70
80
90
100
110
120
130
140
150
YEAR
1976
1977
1978
1979
1980
1981
1982
1983
1984
1985
1986
1987
1988

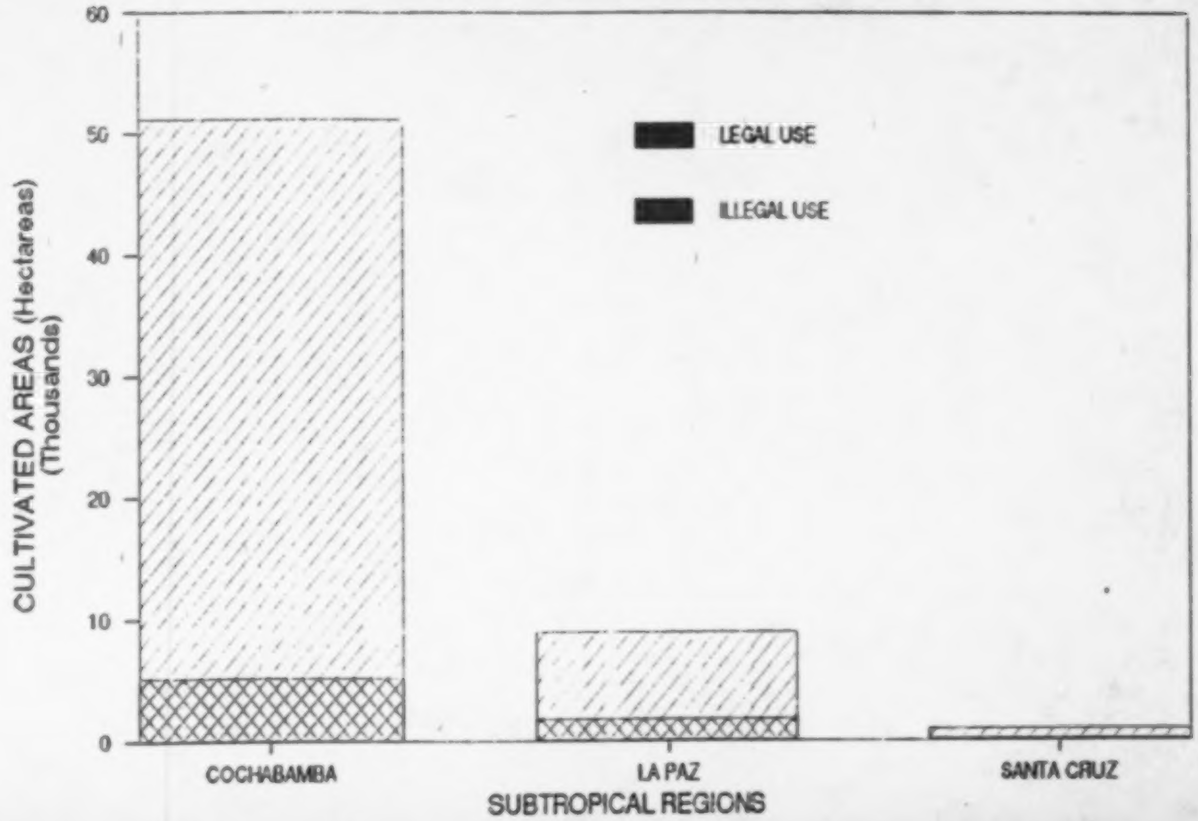
COCA CULTIVATION AREAS

1988

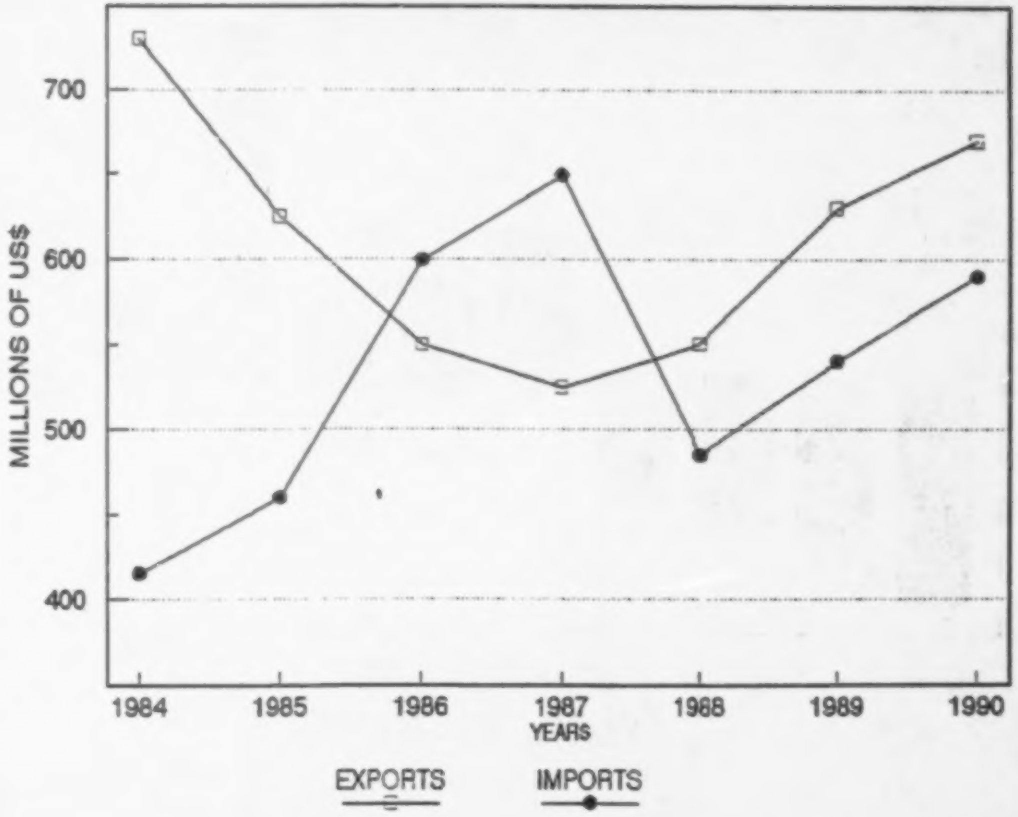


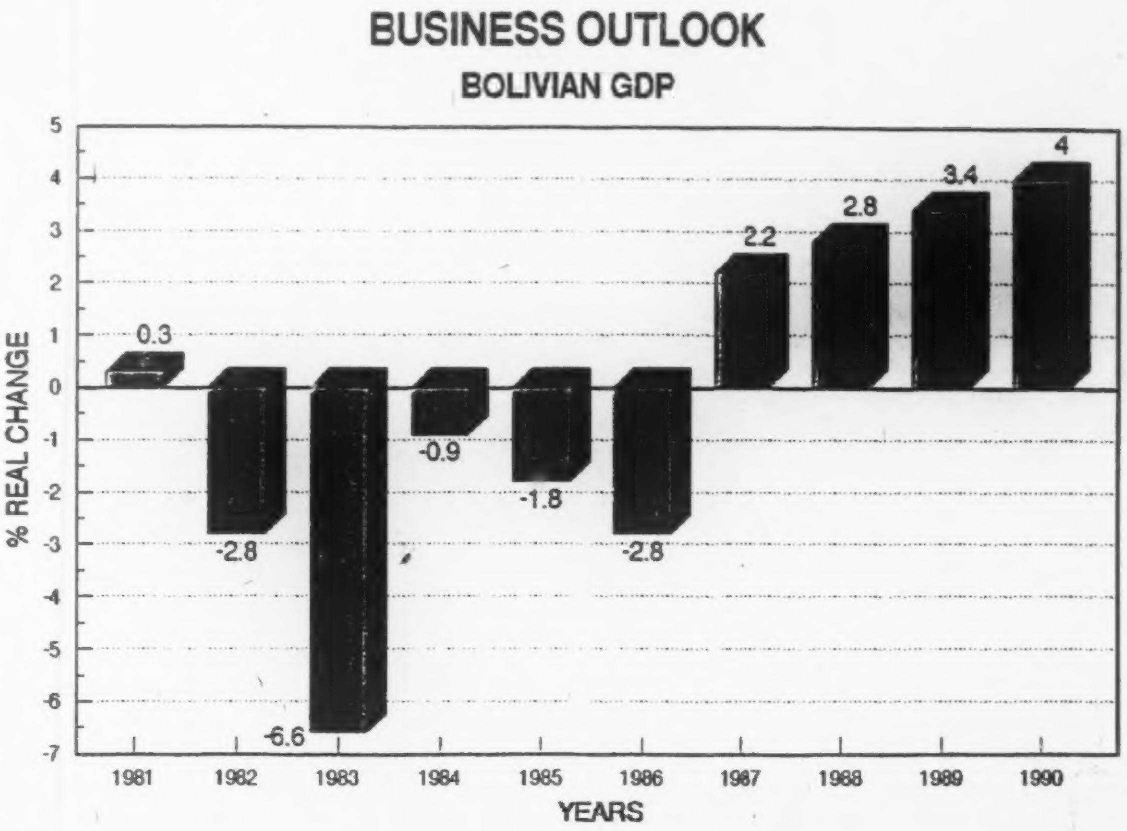
COCA CULTIVATION AREAS

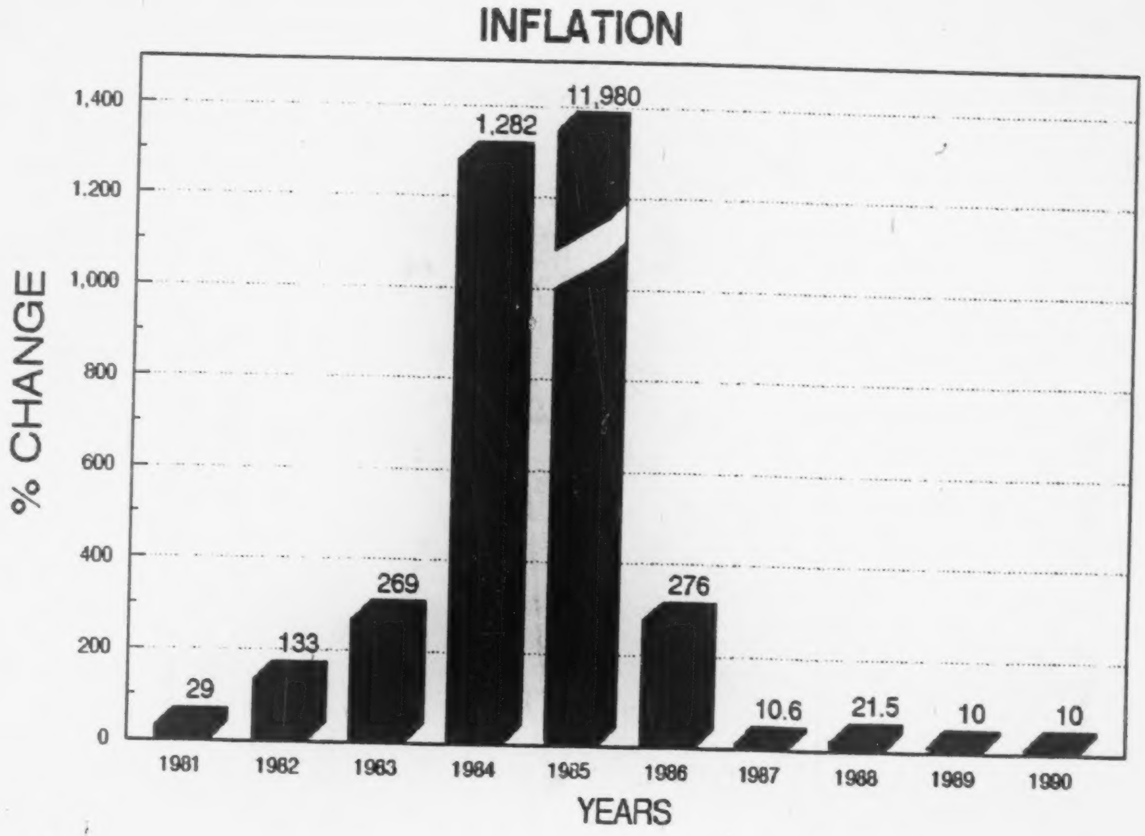
DESTINED FOR LEGAL AND ILLEGAL USE



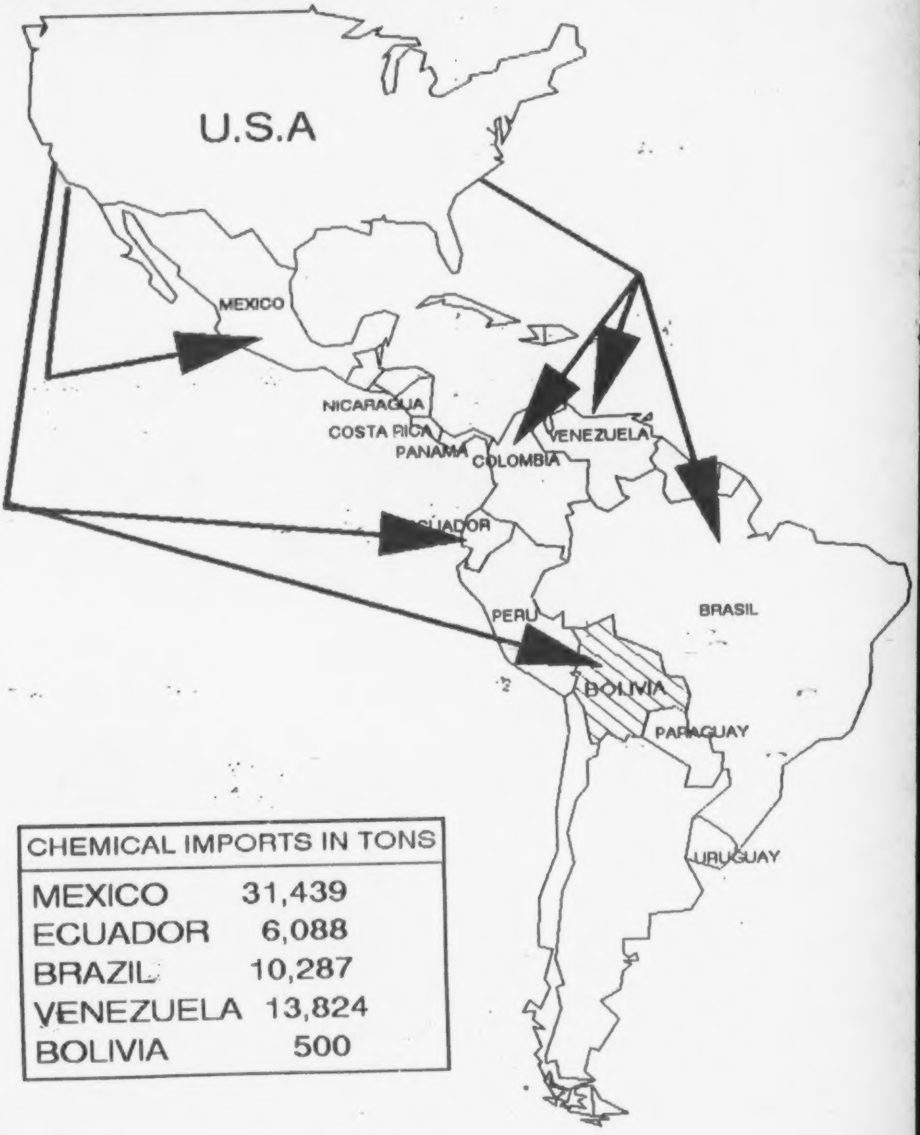
BOLIVIAN TRADE




BUSINESS OUTLOOK
BOLIVIAN GDP
% REAL CHANGE
5
4
3
2
1
0
-1
-2
-3
-4
-5
-6
-7
0.3
-2.8
-6.6
-0.9
-1.8
-2.8
2.2
2.8
3.4
4
1981
1982
1983
1984
1985
1986
1987
1988
1989
1990
YEARS

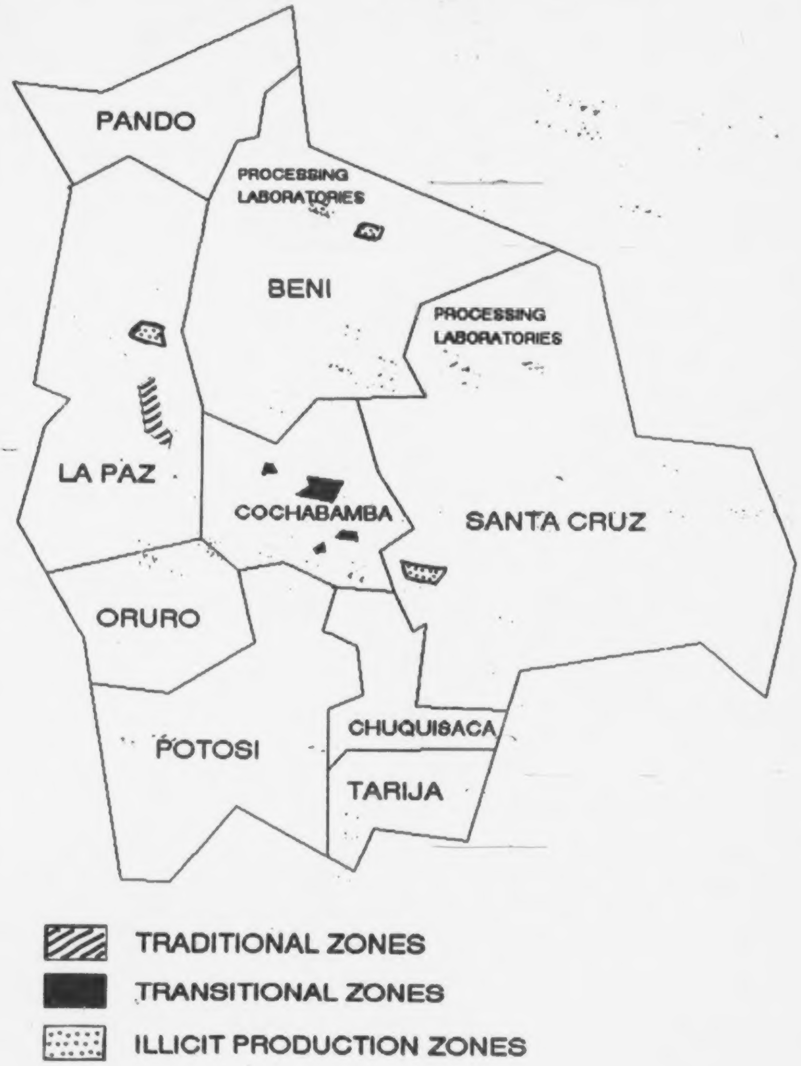

INFLATION
% CHANGE
1,400
1,200
1,000
800
600
400
200
0
29
133
269
1,282
11,980
276
10.6
21.5
10
10
1981
1982
1983
1984
1985
1986
1987
1988
1989
1990
YEARS

FLOW OF CHEMICALS THAT CAN BE USED BY COCAINE MAKERS


U.S.A
MEXICO
NICARAGUA
COSTA RICA
PANAMA
COLOMBIA
VENEZUELA
ECUADOR
PERU
BRASIL
BOLIVIA
PARAGUAY
URUGUAY

CHEMICAL IMPORTS IN TONS	
MEXICO	31,439
ECUADOR	6,088
BRAZIL	10,287
VENEZUELA	13,824
BOLIVIA	500

COCA CULTIVATION AREAS IN BOLIVIA
1989


PANDO
PROCESSING LABORATORIES
BENI
PROCESSING LABORATORIES
LA PAZ
COCHABAMBA
SANTA CRUZ
ORURO
POTOSI
CHUQUISACA
TARIJA
▨ TRADITIONAL ZONES
■ TRANSITIONAL ZONES
░ ILLICIT PRODUCTION ZONES

SUMMARY REMARKS
OF
THE HONORABLE OSWALDO ANTEZANA
UNDERSECRETARY FOR ALTERNATIVE DEVELOPMENT
BOLIVIA MINISTRY OF AGRICULTURE

* * *

Mr. Chairman and Members of the Subcommittee, my name is Oswaldo Antezana. I serve as Undersecretary for Alternative Development and Coca Crop Substitution for the government of Bolivia. I would like to express my thanks for the invitation to appear before this Subcommittee of the United States Senate. I have prepared a statement which I would like to have placed in the record and will speak today from a summary of that statement.

What I would like to do is to describe to you and the American people the broader context of the difficultes that we face as we attempt to transform the coca economy in our country. To do that, we must look at what has led small Bolivian farm families to grow coca, which unfortunately provides the base for international narcotics traffic.

In order to orient you, Bolivia is located in the center of South America, and the Department of Cochabamba is in the very heart of Bolivia. The Chapare province is the tropical region of Cochabamba.

Facing growing pressures to feed their families in their highland homes, thousands of small farm families began to move to the tropical Chapare in the 1960's, where they were able to raise new crops but where they also faced new hardships.

During these early days of settlement, the farmers grew coca for their traditional use. For thousands of years, Andean peoples have chewed coca leaf as a supplement to their diets and as a means to assuage hunger and fatigue. They quickly found the Chapare to be a very good environment for producing coca leaf.

At the end of the 1970's, the coca "boom" began in the Chapare, fueled by an ever growing and insatiable demand for cocaine, a derivative product of coca leaf, from drug consumers in the United States. This boom coincided with a severe drought in the highlands, economic collapse in the formal economy, and political chaos. Farmers facing these conditions opted for survival by putting more and more land into coca leaf production. It is very important that you understand that small farmers in Bolivia have been caught up in what for them is a virtual economic miracle: after hundreds of years they have a crop that actually provides a decent living. Unfortunately for them, and for you and your country, this crop directly feeds tremendous social disease.

Mr. Chairman, I arrived in the Chapare for the first time in August 1972, to take charge of my government's agricultural experiment station in Chipiriri. In those days, the Chapare was still a tropical backwater, virtually isolated from the rest of the country.

Farmers raised rice, manioc, corn, bananas, and pineapple and enough coca to supply themselves for chewing and to send to relatives in the highlands. Production and processing were very primitive compared to its industrial production today.

After a period of work outside the Chapare, I returned there in 1980 as an adviser in a U.S.-financed development project. The changes I saw were very notable. Coca production now reigned supreme. The rate of migration to the Chapare had increased dramtically, yet little advance could be made due to the competition with coca.

Our work then was to plan for a larger development project in the Chapare which would lead the small farmer away from coca lead production. In this initial stage, however, we lacked sufficient economic support to do the job, especially with the cutoff in U.S. funding due to the Garcia Meza military coup.

The situation in the Chapare gradually deteriorated as more and more farm families found themselves brutally exploited at the hands of the ever more powerful narcotics traffickers. I also saw a significant change in the honesty and trustfulness in the character of the small farmers. For example, when formerly the small producers had left their coca by the side of the road for middlemen to come and carry to the city, they no longer could, since their product would be stolen.

In the second half of 1983, a Bilateral Agreement was signed which established the Chapare Rural Development Project, financed by the U.S. Agency for International Development. With emphasis in research, extension and agricultural credit, as well as with funds designated for improved roads, the initiative nevertheless found itself unable to move forward due to the competition from the drug economy, which could pay higher salaries and which was in a position to coerce workers in a way that the government program could not duplicate. However, successful interdiction efforts in the zone demonstrated that such actions do cause transient workers to leave the tropics, leaving only the permanently settled farm families in the zone. These families have then shown interest in participating in development projects.

From this experience I thus arrived at an important conclusion:

The rates of migration to the Chapare were directly proportional to the drought and other adverse conditions in the highlands. As one solution, we proposed the creation of development poles in those areas to slow the movement of highland farmers to the tropics. We have already seen positive results from these initiatives, as I detail in my written remarks.

This demonstrates to me that the small farm family is not made up of delinquents or criminals. Farmers migrate to the Chapare because they know that there they will be able to earn a decent living. But they are willing to return home if they are convinced that production can be improved there.

The small farmers who have settled in the Chapare have been able to increase their income levels minimally. But they still live in great poverty, suffering disease, malnutrition and death. I am convinced that only through reducing demand in the consuming countries will we truly be able to find a solution to the cocaine scourge. And in that sense I find the Bennett Plan a positive step because it recognizes this shared responsibility.

We must offer alternatives to these small farm families, both in their home villages in the highlands as well as in the coca producing areas. But this will only happen if there is a rational use of resources, which will need not only to be well suited to the area, but also will need assured markets. And in that regard we have many exciting plans for the future.

To conclude, our fundamental goal is to substitute the production of coca and cocaine from its central place in the present economy, with innovative activities which will improve living standards through the production of new crops and the provision of services to the small farm family. To reach that goal, we will strengthen the presence of the Bolivian state in the areas of controlling coca production; we hope to reduce coca production to a level sufficient only for legal uses; and we plan to make it possible for many small farmers to return to their highland homes under inproved conditions.

To bring this all about, we have developed a plan we refer to as the PIDYS: the Integrated Plan for Development and Substitution. We estimate that this plan will cost a great deal, some $630,000,000 over five years. Yet it is only through such alternative development that we will be able to overcome the many problems associated with narcotics trafficking. And for this, with a framework of shared responsibility, we will need considerable financial cooperation from the international community, as we all work together to end the terrible damage to our societies caused by drugs.

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Statement of Mr. Oswaldo Antezana
Deputy Secretary for Alternative Development
U.S. Senate Committee on Goveernmental Affairs
Permanent Subcommittee on Investigations
September 27, 1989

Mr. Chairman and Members of the Subcommittee, I am Oswaldo Antezana, Deputy Secretary for Alternative Development and Coca Crop Substitution in the Ministry of Agriculture of Bolivia, and I am very pleased to be here today.

Before starting my testimony and as a manner of situating the auditorium in a specific area, Bolivia is in the center of South America, Cochabamba is in the heart of Bolivia and the Chapare Province in the tropical region of the Department of Cochabamba.

During the 1960's, colonization programs were initiated in Bolivia through the National Colonization Institute, which is a branch of the Ministry of Agriculture, for the purpose of giving land to the peasants in the valleys and the highlands. This was to be the solution to the problem of mini estates created after the 1953 agrarian reform which abolished a sort of feudal system.

In this manner "directed colonization" was established in the tropical areas of Bolivia such as Caranavi, in Yungas, La Paz, Yapacani in Santa Cruz, and Chimoré in the Chapare, Cochabamba.

Simultaneously, and due to excessive demographic pressure from the highlandas and disproportionate dividing of plots of land, "spontaneous colonization" occurs and significant migrating currents without any planning begin to flow from the colder, drier areas to the tropical, hot and rainy areas, obtaining lands from the National Agrarian Reform Service.

In a second phase and aided by road development in the tropical zones, migrations continued to grow, particularly to Chapare, producing a nomadic movement where the peasants produce in the places of origin as well as in the tropical areas. Traditional products like potatoes and cereals are cultivated in the valleys and the highlands, bananas, citric fruits, rice and coca in their tropical regions. Coca is cultivated mainly for the peasant's own use -- to chew -- a very old custom from the Inca empire, and the remainder is sold to the miners who are the principal consumers. A miner does not go below ground without taking coca leaves to chew, this helps fight off fatigue, hunger and thirst.

Toward the end of the 70's we have a coca boom due to the unusual illicit demand to produce cocaine. This boom coincides with a series of climatic adversities in the highlands and valleys the most serious repercussion of which is drought, which worsens year after year and obligates the peasant to migrate in search of his own livlihood. The peasant finds that coca cultivation is the solution to his economic problems.

It is important to point out that the problem of the production of the coca leaf is not a phenomenon of delinquency, it is an economic problem which occurs because of excessive poverty in the highlands, because of climatic adversities, and because of the lack of a productive infrastructure which will allow the peasants to overcome the limitations of their homeland.

Mr. Chairman, I arrived in the Chapare in August of 1972 to take charge of the Experimental Station of Chipiriri, of the Ministry of Agriculture and Farmers' Affairs. At that time there was no road, like the one that exists today. It used to take six hours to go from Cochabamba to Chipiriri by a road which had room for only one vehicle, and there were established days for incoming traffic and others for outgoing traffic.

The peasants worked with crops such as rice, mandioca, corn, bananas, citrus fruits and pineapple. In the area of directed colonization there were also rubber trees and cocoa trees, although they did not have the corresponding technical assistance. The coca was one more crop, which also allowed them to have enough leaves to chew and the remainder to be sold to farmers of other areas and to the miners, where chewing coca leaves is thousands of years old. In no case did the coca plantations surpass 2 "catos" (a measure of 3,200 square hectares). Tradition was such that there was a very elaborate processing of the coca leaf. First it was dried a few days so that it would be appealing to the person who was going to chew it. Then it was packed in baskets prepared with banana leaves. Then various wooden presses made of very hard wood were used to pack 50 pound bales and under those conditions the coca leaves were sold. When a farmer had a bale ready for market he would put it by the side of the road and truckers would stop and buy the goods and transport them to market areas, particularly the mining towns. In 1973 a new road was built, making the Chapare the most spectacular tourist spot in the country; hotels were built, restaurants were opened and the flow of tourists grew day by day.

In 1974 I went to work in the Beni, then to Chuquisaca and then to La Paz, and later returned to the Chapare in 1980 as Advisor in Agro-economic Affairs for PRODES, a government institution created in 1976 to study the Chapare, in Cochabamba, and Yungas, in La Paz, considered traditional coca producing areas. The change in the Chapare was notorious, the gentleness I had left in 1974 was no longer there; everyone seemed more active giving the impression that they were dedicated to the production of large agricultural farms, but my disappointment was very big when I was able to prove that the main activity was cultivating coca leaves and that nothing had been done to develop other crops, notwithstanding the existence of another Experimental Station, La Jota, located in Chimoré in what used to be a nursery for the National Institute for Colonization. This institution had lost control of the colonization process, the spontaneous colonizers increased day by day, without any technical orientation and locating themselves in private concessions. The first integral project for development prepared with PRODES, which was financed by USAID in the amount of US$ 32 million, was frustrated by the Garcia Meza coup d'etat, an aspect which caused the breaking of diplomatic relations between the United States and Bolivia, and, of course, the suspension of aid.

In PRODES and with the scarce resources remaining from a donation of US$ 5,000,000 through I.N.M., we were able to develop some activities which allowed us to somehow prepare the transition between the pilot stage of the studies, and the stage of implementation of the project.

Gradually the atmosphere deteriorated. Eventhough in the beginning all of the coca leaf production went to Santa Cruz by road, this was transported by man through a trail between the Chapare to Cochabamba, and then to Montero, in Santa Cruz. This trail took many lives because of the brutality and greed of the narcotraffickers who started exploiting the peasants who arrived in the Chapare because of the intense drought in the highlands that were declared disaster zones accross the nation. Contrary to what was happening in the highlands, the lowlands were being flooded and vast cattle ranching areas of the Beni were being damaged and bridges in the Chapare were collapsing as a result of the intense deforestation in areas which should have been maintained as conservation areas.

The honesty and trustworthiness which characterized the peasant in the Chapare was also affected; the typical system of commercializing the bales of coca could not be used because the bales left on the side of the road were being stolen, this was the most characteristic aspect of the time. The growing demand for illicit purposes did not leave much time for drying the leaves, they were only predried and packed in 100 pound cotton or plastic bags which were called "cargas", which were then taken to the places where base paste was made.

In the second semester of 1983 a Bilateral Convenio was signed, giving place to Project 511-T-067, and the Office of Development of the Bolivian Tropics was created for the implementation of the Project for the Regional Development of the Chapare. The components of investigation, granting of agricultural and agroindustrial loans, as well as the improvement of country roads and small communal works and institution building are some of the characteristics of the Project. But notwithstanding the good will on the part of the technicians and institutions involved, I don't think the Project will advance because the high salaries offered for manual labor by the narcotraffickers, the lack of authority in the entire area, and the almost legal commercialization of cocaine base paste, make it impossible to compete with our offer which is circumscribed to legal and honorable parameters. The peasant who migrated from his empoverished zone in search of some form of sustenance which will permit him to survive the adversities of nature, finds that he is being exploited by a new dominant class, protected by the inefficiency and corruption of the organizations in charge of controlling drug trafficking, and they are prey to drug addiction, alcoholism, prostitution and veneral diseases.

Some activities related to interdiction are enforced and I was able to verify that when there is a will to carry out these activities, the entire floating population in the Chapare flees for fear of its physical integrity, and only the colonizers who have been there for many years stay on, and only then do they show any interest in participating in development programs.

In this concern I was able to come to one categorical conclusion: the development program functions if drug interdiction is active and permanent.

I was able to establish that migrating flows had increased in direct proportion to the drought in the higher valleys and highlands. Therefore, we propose the hypothesis of controlled migration, actively supporting development poles in three provinces of Cochabamba which are not coca producers, and in this manner a new philosophy is achieved, that of alternative development, molded through Ammendment 7 of the Project, which was signed in November of 1987. This hypothesis has been confirmed, and I am going to allow myself to give two examples:

1) In Aiquile (Campero Province of Cochabamba), for the last two years the peasants have been building a water system which will allow them to have irrigation for their crops. Since they do not receive economic aid from anyone, they have divided the population into two groups: one stays in Aiquile working on the project, and the other group goes to the Chapare to get the necessary money to continue the job. That is to say that their stay in the Chapare is only temporary and for strictly economic purposes.

2) Not too long ago a road from Capinota, Cochabamba, to Arampampa, Potosi, was finished. For the sole reason of having access to a road, the peasants from Arampampa have begun to leaving the Chapare to return home.

This has shown me that the peasant farmer is not corrupt; he migrates to the Chapare because he knows that there he can find income, but he is ready to return to his place of origin as soon as be confirms that something is being done to improve the production infrastructure there.

The peasant farmer has been able to generate some resources that allow him to survive, but in no case has he overcome his level of cultural backwardness, his poverty, his malnutrition, parasites and high mortality rate. His house continues to be a dirty hut without basic services, and the only ones who have had any benefits are the narcotraffickers from outside and from within. I am convinced that demand should be reduced and this can only be achieved with strong interdiction of drug traffic in consumer nations and in producer nations. Therefore, I think the Bennett Plan is positive and grasps the concepts of shared responsiblity.

The farmers must be offered alternatives in their places of origin and in the coca areas as well. But this can only happen through rational exploitation, with alternativa crops which are not only biologically viable but also have secure markets. In order to fulfill this objective, I feel it is important to promote joint ventures, where there is an interest in investing in production, industrialization and commercialization of substitute products.

Focusing on production systems which use annual crops such as beans to improve the peasant's diet, associated with profitable perpetual crops such as pepper, tea, rubber, macademia nuts, and others, as well as pastures and forage for animal grazing, and plantations of forests to try to return the Chapare to its natural state, helps us see better days ahead for the consolidation of the development of the area.

With the development of productive infrastructure in the high zones of Cochabamba, Potosi, Chuquisaca and La Paz, we will be able to offer other non-tropical products to the market. We have Andean crops suce as quinua and tarhui, with high protein value, which can be used to make compound flour.

I feel that alternative develeopment is the best option to overcome the problems inherent to drug trafficking and the production of coca. But in order to achieve success we need internation al economic cooperation, within the framework of shared responsibility and the common objective of fighting against the lacerating problem of drug traffic.

The fundamental objective we are striving for is to displace the production of coca-cocaine from its place as the main axis in the generation of income, through development of other activities and giving the areas involved productive and social support systems.

This fundamental objective can be implemented by:

- Recuperating and securing the presence of the State in areas of the national territory where there are illicit drug trafficking activities.
- Bringing down production of coca to the limits of legal demand.
- Implementing processes of industrial transformation and generation of more aggregate value to national raw materials.
- Improving our roads infrastructure and that of general transportation.

- Providing electrical power for the rural areas.
- Channeling investments into areas which generate economic resources and more aggregate value to rid us of our dependency on coca.
- Minimizing production losses and developing commercialization programs.
- Developing urban-rural centers which will prevent more migration towards coca producing areas.
- Relocating the peasant farmers to their places of origin and/or new potentially productive areas.
- Improving education and health services.

All of this with active participation on the part of the peasant farmers and the government, based on new institutional structures.

In order to carry all of this out, we have the PIDYS, PLAN INTEGRAL DE DESARROLLO Y SUSTITUCION (Integral Plan for Development and Substitution), which for a five year plan requires US$ 630 million, which should merit support from the international community in strict compliance with the Broad and Multidiciplinary Plan for Future Activities in the Fiscalization of Improper Use and Illicit Traffic of Drugs approved in the Vienna Conference in June of 1987.

Thank you for your attention.

STATEMENT OF
JOSE GONZALES
JOURNALIST/POLITICAL ANALYST
BEFORE THE
U.S. SENATE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
HEARINGS ON
UNITED STATES GOVERNMENT'S ANTI-NARCOTIC ACTIVITIES IN THE ANDEAN REGION OF SOUTH AMERICA

I. BACKGROUND

In 1938 the 336 mile long Peruvian Central Highway which linked Lima with the Central Sierra and the towns on the edge of Peru's East Andean jungle, curved around a flat piece of land surrounded by four small hills. Initially a campsite for workers of the Ministry of Transportation, within a year this area had become a supply centre for settlers and a way station for travelers to Pucallpa, the final destination of what was to become in the 1960's, the Marginal Highway of the Jungle.

By then, this bend in the road had acquired some one hundred settlers, grocery stores, business centres and bars. Its name: Tingo Maria.

Its inhabitants, most of them born in Andean states and, to a lesser degree, in some of the poor suburbs of Lima, took their traditions with them to the jungle, among them the "chaccheo" (chewing) of coca leaves. Chewing coca leaf quenches the thirst and diminishes hunger and tiredness, and is also ritually shared during community work.

During the first few years of Tingo Maria's existence, few people knew that the land around the town was ideal for growing coca. The leaves were grown for personal use or were sold in bundles in the local market.

By 1989, twenty-five thousand people had settled in Tingo Maria, and this curved stretch of the Central Highway had become the city's main road. Despite this growth the town remains rustic. Apart from the number of branch banks and the intensive trading that takes place, there is little to indicate that this is a wealthy community. But the large number of police and soldiers patrolling the streets and the green unmarked helicopters flying low over the city serve to arouse people's suspicions if not their uneasiness.

In the late seventies, while the government began to clamp tight controls on the preparation of cocaine, coca-leaf production began to grow at an unheard of rate. By 1975, the crop was rampant, the area under cultivation had tripled to 3,000 hectares. By 1980 this area had doubled again to 6,000 hectares. The ease with which the coca bush grows in the region -- three harvests a year with little care (some fertilizer and a few herbicides) -- and the quality of the product (the coca grown in the area contains more of the alkaloid needed to make cocaine than any other type of coca plant), soon piqued the interest of local and Colombian drug dealers who had been importing coca paste -- the main input for the preparation of Cocaine Hydrochlorate in Colombia -- from the tropical jungles of Bolivia and the highlands of Cuzco in Peru. A sharp increase in U.S. and European demand led to the discovery of the Upper Huallaga area. Its relative proximity to the Colombian border, the possibility of transporting the goods by air, and the inaccessibility of the terrain, made it ideal for the traffickers.

By 1978, during the government of General Francisco Morales Bermudez, Peru issued its first law outlawing drug trafficking and created a system to gradually reduce the amount of coca bushes planted. The following year, a second decree declared a State of Emergency in the departments of Huanuco and San Martin and began the repression of illegal drug traffickers. In December 1982, President Fernando Belaunde Terry issued a third law which lifted the State of Emergency and created a special 500-man police force -- the Rural Mobile Patrol Unit (UMOPAR), financed by the American Government. At the same time, two U.S.-financed projects were created, the Project for the Control and Reduction of Coca Plantations in the Upper Huallaga (CORAH), which was responsible for the eradication of illegal coca plantations, and the Special Project for the Upper Huallaga, (PEAH) which was responsible for the economic development of the area.

However, the laws did not solve the problem. By 1987, it was officially calculated that coca-leaf production had reached 28,560 metric tons (MT). The technicians from the Ministry of Agriculture and the Agrarian Bank who provided these figures, said unofficially that real production was close to 80,000 MT that year. That same year, local government officials estimated that 95 percent of the local economy revolved around drug-trafficking or coca-leaf production. The production of so much coca leaf not only generated an explosive increase in the marketing of coca paste, but also created the conditions that later provided a rationale for the movement of the Maoist guerilla group "Sendero Luminoso" into the Valley.

II. THE GUERILLA WARFARE

The return to democracy in 1980, not only restored the liberties that had been suspended during the 12-year military dictatorship of General Juan Velasco Alvarado and General

Francisco Morales Bermudez, but also touched off a spate of political violence in Peru. In May of 1980, Sendero Luminoso launched its armed campaign to overthrow the Peruvian political system and institute a maoist marxist proletarian dictatorship. The first armed action -- the burning of ballot boxes during the pre-election period in the small town of Chuschi in the upper Ayacucho area -- was not confronted by both the incoming and the outgoing governments. Since then, guerilla warfare against the Peruvian state has claimed the lives of some 15,000 Peruvians and cost more than $12 billion in economic losses during the last nine years.

Sendero Luminoso's Columns reached the outskirts of the Upper Huallaga Valley in the mid-1980's. The first evidence of the presence of guerilla warfare in the UHV, was discovered during a UMOPAR anti-drug operation supported by the Drug Enforcement Administration (DEA) in 1984. While looking for drug-traffickers what they found was proof of the existence of "Popular Schools" and armed elements of Sendero in the small towns along the banks of the Huallaga River.

The UHV was declared an Emergency Zone once again in July 1984 and was placed under the control of a political-military command whose main objective was to combat Sendero Luminoso. The military strategy of pitting drug dealers against Sendero Luminoso was initially successful and because it ignored drug trafficking, it gained the support of the population and of local drug dealers. The overall initial result was an apparent retreat by Sendero Luminoso.

However, the Army had not anticipated the consequences of such a strategy. Free from police repression, the coca business boomed; and so did violence. Once Sendero Luminoso and the police left the towns, the "Lords" (patrones) of local drug "firms" -- who were dependent upon the so-called Colombian "Cartels" -- began to exercise full control. They embarked on a reign of terror in the Upper Huallaga, which threatened the population and kept coca leaf prices low to increase their profit margins. Gangs of bodyguards and thugs used their weapons to solve all disputes.

Even worse were the abuse committed by the police themselves. Bought off by local drug dealers, many Peruvian policemen assigned to the area, ignored drug trafficking going on all around them and used their position to extort payments from coca-growing peasants.

The approximately 100,000 families who grow coca leaves in the Upper Huallaga, were trapped in a vicious cross-fire between drug-dealers and a corrupt police. With nowhere to turn for protection, they began to join the ranks of Sendero Luminoso.

More abuses allowed the guerillas to build on the earlier attempt to gain a foothold in the valley. In December 1985 President Alan Garcia lifted the State of Emergency and reinitiated operations against the drug traffickers. Sendero Luminoso was quick to take advantage of what their own documents refer to as "power voids" and "internal contradictions," by allying themselves with coca-leaf producers and reaching a modus vivendi with the drug-dealers.

Sendero Luminoso did not try to supplant the drug trafficker. Instead, it began to work closely with them to resist the encroachment of government power. By mid-1987, they launched a new campaign in the Valley, which was characterized by open attacks against police stations.[1] They also organized their first "armed strike". For three days, guerillas and peasants controlled the valley, destroying bridges and the highway which prevented regular traffic and police patrols (a pattern that has continued down to the present).

The following year, the guerillas established control over entire towns, such as Tocache and Uchiza, where they organized the population and began to assume many government functions, such as public order, justice and municipal services. The Sendero "law" has been described by a foreign priest, who lives in the Valley, as one with "hyper-Christian" morals, except as far as death is concerned, which is the punishment for breaking it.

In Sendero's rules, the peasants found the order they had never had. To apply its principles, Sendero formed "popular Committees" in each town, consisting of one delegate and one assistant delegate, and they established "Popular Bases", and their party organizations, comprised of one political head, one military head and one head of logistics. The "Committees" are responsible for administration, conducting weddings, supervising production, prohibiting infidelity, prostitution, and homosexuality, and even determining the days when each citizen can drink. The "Bases" hand out punishments, organize "popular schools," provide political training, enroll youngsters into the "Popular Guerilla Army," conduct military training, and supply finances for the "government" and military support for the party structure.

The "Popular Guerilla Army" consists of "Main Force", "Local Forces" and "Basic Forces." According to information received from the Peruvian Army, the "Main Force" probably consists of about 3,000 armed men, to which must be added several thousand more from the "Local" and "Basic" forces.[2]

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[1] On May 31, 1987 six members of the Civil Police Force died in an attack on the Police station in Uchiza, in the first such open action, which Sendero marked as the opening of a "new front".

[2] Various analysts saw in this strategy the possibility of a

The support Sendero receives from the settlers of the Upper Huallaga strengthens it and weakens it at the same time. Some of its supporters are more interested in their coca plantations than in Sendero's orthodox maoism. Also, there is always the possibility that Sendero itself may be corrupted by contact with the cocaine industry. In this respect, there are contradictory versions: those that indicate that corruption has begun to destroy the structures of Sendero, and those that indicate that drug money has strengthened Sendero, making it a greater threat to Peruvian stability. It appears that some Sendero have been corrupted by drug money. However, to argue that this implies that others will also be corrupted misses the point, because once such corruption is detected, the offending person is killed. There is no answer to such questions as what are the guerrillas doing with the money they obtain from drug dealing.[3]

During 1989, Sendero has continued is guerilla war against the Peruvian government. The testing of two herbicides on 16 hectares of coca plantations in March 1989 strengthened their cause, by striking terror into the hearts of coca growers and drug dealers alike. Coca eradication, supported by U.S. helicopters

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new method of Sendero Luminoso's actions being applied on military grounds. In an interview with El Diario, Sendero founder Abimael Guzman indicates that the "popular War" must go through three stages": the "Defense Strategy" (guerrilla warfare), the "Strategic Balance" (the fight for position or combat fronts) and the "Offensive Strategy" (generalized insurgency ending with the cities being taken over). According to this interview, the Sendero is ready to go on to the second stage. There are those who consider that the first front in this respect will be the Upper Huallaga, due to the facilities offered by the terrain and the support of the peasants. However, despite the spectacular nature of their attacks and the military power shown by Sendero in that area, as of September 1989 there have been no evident signs of such a front being established.

[3] Income obtained by the Maoist organization is calculated at between US$ 20 and US$ 100 million per year, from quotas charged to drug dealers and coca producers. I asked a Sendero Luminoso leader about this and received the following reply: "Voluntary contributions are always aimed at the party and not at individuals. Maintaining a party which is extending throughout the country is an expensive business." On the other hand, the truth is Sendero has not shown much sophistication issofar as arms are concerned, which would be a logical way to find signs of wealth or foreign support. With its dogmatic and orthodox outlook, Sendero relies on using their country's own resources to avoid depending on foreign sources.

has been a major bone of contention in the valley. In 1988, the CORAH workers eradicated 5,130 hectares of coca bushes, thanks to air transport and the use of mechanical "weed whackers." The victory, however, was pyrrhic. On the one hand, the coca growers were planting new fields as fast as the old ones were destroyed and attacks on the crew of eradication workers become more and more frequent -- since 1983, 34 eradicators have been murdered in the Valley. On the other hand, those peasants whose livelihood was being destroyed were being throw into the arms of the guerillas. Finally, the lack of security in the Valley resulting from the foregoing caused all anti-narcotic activities to be suspended in February 1989.

In short, there is no doubt that Sendero Luminoso has been gaining political ground. Indeed with the assassination of the Mayor of Tingo Maria, Manuel Espinoza, on June 15th -- the ninth mayor killed in the Upper Huallaga and one of 45 throughout the country who has died at their hands -- all evidence of democratically elected authority in the UHV has been extinguished.

III. CONCLUSIONS

Undoubtedly, the strength of drug-trafficking in Peru stems from the economic power exercised in an impoverished society that is going through its worst economic crisis ever. Inflation is running at 5,000% and the Gross Domestic Product has plummeted by 28% so far this year.

While there are no reliable figures available about the coca economy, it is estimated that anywhere from 110,000 to 300,000 hectares of illegal coca are grown in Peru. Production of coca leaves and paste has increased by at least 40 percent since 1985 and Peru produces 60% of the leaves that are processed into the cocaine that finds its way into world markets. The direct influence of these figures on the national economy could be between $600 million and $1.2 billion a year, or the equivalent of 25% to 75% of legal export figures.[4] The ship of state is floating on a sea of coca dollars.

Since 1976, when the first massive operation took place against drug dealers, twelve large police operations have been carried out, and in the last six years, 19,000 hectares of coca have been eradicated. In the last two years, helicopters loaned to the government by the United States are being used to transport Peruvian police troops and eradicators for anti-drug missions. The number of American agents has tripled to thirty, between those who serve in the Upper Huallaga area and in Lima. Their presence in the valley has not only irritated the Peruvian jungle settlers, but also has put their lives at risk because the difference between drug dealers and guerillas have become increasingly blurred.

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[4] "The War on Drugs: The Peruvian Case", Cynthia McClintock Journal of Inter-American Studies and World Affairs, Winter 1987-1988.

The risks of becoming involved in a counter-insurgency conflict are very high. In the Valley, the population does not differentiate between American intervention against drug-dealing and counter-insurgency -- for them it is all the same thing. Since 1988, Sendero has tried to link eradication with land tenancy. The guerillas preach that "the gringos want to take away our lands." Of course, this is not true, but nevertheless the peasants believe it. Sendero has offered a $50,000 reward in the Valley for the "head" of any DEA agent. Nothing would make the guerillas happier than to "internationalize" the conflict so that North American military advisors -- or, in an extreme case, American combat troops -- get involved in the fight, enabling them to exploit this as an example of "imperialistic intervention".

The failure of old anti-drug strategies has bred new strategies, such as the proposed massive use of herbicides in the area to eliminate coca plants. Such a strategy would only increase the social conflict. The systematic repression of coca growers fuels subervision.

Given limited resources, the question if often asked: who should be attacked first, the guerillas or the drug dealers? The Army's first objective is Sendero, for the police and the DEA, it is the drug dealers.

In my opinion, it is clear at this point that it is possible to fight only against the guerrillas and not the traffickers, but it is impossible to fight only the traffickers and not the guerrillas. For the Army to effectively fight the guerrillas, it is important to have the support of the local population, and to have this support means that the present law against coca growing must be ignored. Further, the problem is -- as in a dog chasing it tail -- coca growers must have someone to buy their leaves, i.e., the traffickers. In effect, the Army's policy indirectly must rely on trafficking. By fighting the trafficking only -- and this is the dilemma of the police -- it's impossible to avoid, at some point, a confrontation with the guerrillas because eradication and interdiction remain and leave the campesinos without their only source of income.

A successful strategy must contemplate a battle on both fronts: if drug-trafficking is strongly attacked, the prices of coca would drop, and if the guerillas are fought effectively, respecting Human Rights, new political vacancies would be created. It is easy to put all this down on paper, but it is extremely complicated to apply. In the first place, a successful prohibition operation would be long and therefore costly, so that coca growing would stop being profitable. On the other hand, the

Peruvian State has lost so much prestige among the population in the area -- who have only received abuse from the Government and become more backward at their hands -- that to re-introduce its legitimacy would require heavy investments and massive popular support, which this Government does not have available at the present time. The results of either strategy, whether joint or separate, are incomplete. You cannot only offer prohibition and repression to a desperate population -- they must also be given hope for a future, and this is probably only possible with successful substitute crops, the cost of which apparently nobody is willing or able to bear. And in the meantime the dollar starved Peruvian economy is going to depend on the trafficking money the country cannot otherwise generate, at least not in the next 15 years.

Finally, today all the repressive efforts and abuse have been concentrated on the peasant farmers: those emigrants who have managed to obtain, amidst the danger and with coca plots as small as one hectare, a net income of up to $1,500 per year for themselves and their families, which is significantly higher than they would have earned if they had stayed on their original lands to cultivate potatoes or some other legal crop.

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TESTIMONY
before
the Senate Permanent Subcommittee on Investigations
Committee on Governmental Affairs
Assistant Secretary of State
for International Narcotics Matters
Melvyn Levitsky
September 29, 1989

MR. CHAIRMAN: I appreciate this opportunity to advise the Committee on our Andean counter-narcotics programs which have received increased Congressional and public attention in the last year. The President's National Drug Control Strategy is a comprehensive, coordinated approach to the complex narcotics problems which face our nation. I'd like to discuss today how the Department of State is implementing the strategy and what changes we anticipate in the way we're confronting the problems of coca production and cocaine trafficking in the Andes.

First, I want you to know that we appreciate your interest and the interest of your staff in the Department's counter-narcotics programs. We look forward to working closely with you and them during the coming months. Our strategy for cocaine control in the Andes is multi-faceted and approaches the problem simultaneously on a number of fronts.

We are working to Reduce cocaine supplies by:

Disrupting and dismantling cocaine trafficking organizations -- We are working with the Andean governments to identify and dismantle cocaine trafficking organizations through increased assistance to the Colombian judiciary, training of local law enforcement personnel in asset seizure and forfeiture techniques, and close cooperation with the Colombian Government on extradition. Last month, the 506 Military Assistance drawdown was provided to the Colombians to help them in their current crackdown against the cocaine cartel. We are also committed to eliminating international money laundering which is the lifeblood of the cartel. Last week, we met with our Summit partners to discuss specific actions we can take to disrupt the flow of illicit drug proceeds.

Isolating major coca growing areas -- In Peru and Bolivia, we have established interdiction programs which combine the destruction of clandestine airstrips, and destruction of high volume laboratories. Our newly-completed secure base in Santa Lucia provides U.S. and Peruvian enforcement personnel with an operational center from which to launch interdiction missions, which were suspended in February because of the deteriorating security situation in the Valley. We have begun operations. Our focus has changed from the past. We are going after high priority targets rather than concentrating on manual eradication and destruction of paste pits. With additional funding flowing from the President's strategy, we intend to provide much needed equipment to the Peruvian Government to detect aircraft and the movement of cocaine products out of the UHV.

Blocking the delivery of precursor chemicals -- Through Operation Snowcap, the Department of State and DEA have a multi-country effort underway to identify and seize shipments of precursor chemicals used in cocaine production. Road and riverine programs are in place to choke off the flow of chemicals. We're not limiting our efforts to the Andes, however; this week, we have a team of chemical experts visiting a number of European capitals to urge greater European cooperation on chemical control and update our Allies on U.S. efforts to tighten controls on our own exports.

Helping Transit Countries -- Cocaine control is not limited to source countries. We have aggressive enforcement programs in the Caribbean to bolster their capabilities to seize cocaine. We've set up Joint Intelligence Communications Centers (JICCs) in several Caribbean nations to improve intelligence collection capabilities. We are exploring possibilities for improving current intelligence capabilities in accordance with the President's strategy.

Eradicate coca when it can be an effective strategy -- We have been working with the Andean governments on coca eradication programs over the years. The results of the aerial herbicidal eradication test in Peru last March are being assessed. Initial indications are positive -- we are optimistic that Spike is a safe, effective herbicide which kills coca and allows surrounding vegetation to flourish. Our strategy is to support eradication programs sponsored by host governments when these programs are effective. As I noted, our own focus has changed somewhat. The strategy is centered on isolating the main coca growing areas from the processing areas through identification and destruction of air strips, breaking up the trafficking organizations' efforts in the areas concerned and stopping the flow of chemicals into them.

In implementing the President's strategy, we're also working with our European Allies to enhance the international response to the cocaine problem.

Earlier this month, President Bush urged other governments to support the Colombian Government's efforts against the drug kingpins. A number of European Governments have responded -- the U.K., France, Italy, Germany, Portugal, Luxembourg, and Canada. They agreed to provide assistance in several areas including development assistance, judicial protection and law enforcement support.

We're engaging the Europeans in discussions on long-range development for the Andes. Europe is experiencing a major cocaine trafficking and consumption problem and we will work with our friends and allies to get them more involved in supporting cocaine control efforts in the Andean region.

We will also work closely with the Europeans on money laundering, chemical control and demand reduction.

In addition to using our bilateral relationships with European countries, we are working within a multilateral framework in a number of areas. We're supporting U.N. efforts in law enforcement assistance, development projects and demand reduction. We have strengthened the OAS's role in cocaine control and are pleased that they have taken on precursor chemicals as one of their top agenda items. One of our highest national and international priorities is the ratification of the U.N. Convention Against Trafficking which will give nations the critical tools they need to dismantle trafficking networks and separate the traffickers from their profits. The U.S. could exert a strong leadership role by early ratification of the U.N. Convention which is currently pending in the Senate.

The National Drug Control Strategy recommends that we spend $261 million in FY 90 to increase the capabilities of Andean law enforcement and militaries to deal with the immediate threats posed by traffickers and insurgents, operating in tandem. Depending on the successes in the FY 90 programs, economic assistance might be made available to Peru and Bolivia in FY 91 to offset some of the negative economic effects of cocaine control. This assistance will not be automatic; both countries will have to meet a number of mutually-agreed upon performance goals and demonstrate sound economic policies. We are working with the host countries to develop an implementation plan for these new funds.

This is a critical juncture in Andean narcotics control efforts. The U.S. and Andean Governments have now recognized that drug production and trafficking are not simply law enforcement or health matters; rather, narcotics is a threat to national security and national sovereignty. This means that cocaine control must be addressed with increased vigor, additional resources (including military support) and with the full backing of the international community. The extent of the Andean cocaine problem is staggering. Last year between 174,000 and 227,000 hectares of coca or even more were under production in the three Andean countries. The Amazon jungle is being devastated as trafficker/farmers forge ahead with coca cultivation. Chemicals, used in cocaine production, are dumped into rivers and groundwater supplies.

It is critical to remember that in all three Andean countries, illicit coca cultivation is against the law. Critics of our program point to the fact that coca cultivation has increased by ten percent a year during the past decade, doubling since the 1970's. This is true and it is troubling to us. However, I do not believe that the amount of coca cultivated or eradicated in the Andes is the only measure of success in our program.

We must recognize that eliminating coca cultivation in the Andes will take a long time; that a combination of interdiction, eradication and development assistance needs to be put in place and used consistently over a number of years; and that we have not, up until this point, had the requisite levels of attention and commitment necessary to get the job done. And, the most critical element of all is a reduction in the U.S. demand for cocaine. Fortunately, I believe we are beginning to see changing attitudes toward cocaine use in the U.S. I am optimistic that the President's strategy which attacks both demand and supply will bring substantial progress in the coming years.

Mr. Chairman, in closing I would like to thank you for this opportunity to testify today, and I look forward to any questions you and the other Subcommittee Members might have.

PREPARED STATEMENT OF
THE ASSISTANT SECRETARY OF DEFENSE
FOR RESERVE AFFAIRS

(DoD Coordinator for Drug Enforcement Policy and Support)

HONORABLE STEPHEN M. DUNCAN

HEARING BEFORE THE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

SENATE COMMITTEE ON GOVERNMENTAL AFFAIRS

SEPEMBER 29, 1989

NOT FOR PUBLICATION
UNTIL RELEASED BY THE
COMMITTEE

Mr. Chairman and Members of the Committee:

I appreciate your invitation to appear before the Permanent Subcommittee on Investigations to discuss the President's National Drug Control Strategy and the role of the Department of Defense in the implementation of that Strategy. While I understand the Subcommittee's specific interest in the current status of anti-narcotics activities in the Andean region of South America, I would like to take the opportunity of appearing before you this morning to present a brief overview of all of the actions which are being taken by the Department of Defense to both implement the President's Strategy, and to continue the improvement in the performance of missions that have previously been assigned to the Department.

I appear here today in my capacity as the Department of Defense Coordinator for Drug Enforcement Policy and Support. Because it is important that the Committee understand how Secretary Cheney has organized the Department of Defense to attack the critically important problem of illegal drugs, I believe that it would be helpful for me to take a moment to describe the organization.

Since last April, I have been serving as the Secretary's principal staff assistant and advisor for drug enforcement policy and support. I was asked at that time to propose policy guidelines for the DoD counterdrug role based upon the advice and assistance of the other elements of the Office of the Secretary of Defense, the Chairman of the Joint Chiefs of Staff, the Services Secretaries, and the Defense Agencies. As Coordinator, my responsibilities do not preempt the existing responsibilities of other OSD principals in policy formulation for anti-drug programs other than drug enforcement support programs, nor do they affect the normal chain of command for military missions conducted in support of anti-drug law enforcement efforts. In dealing with international drug policy issues, for example, I am in direct and regular contact with the Under Secretary of Policy, the Assistant Secretary for International Security Affairs, and their staffs. The Operations Directorate of the Joint Staff provides my office with timely information on equipment and training requirements. Other DoD offices and agencies provide similar advice and support. I am assisted by a General Officer who serves as Deputy Assistant Secretary of Defense for Drug Policy and Enforcement and by appropriate support staff. Secretary Cheney has also authorized the appointment of an additional Deputy Assistant Secretary and I anticipate an announcement in that regard in the near future.

Department of Defense Guidance for Implementation of the President's National Drug Control Strategy

As you know, Mr. Chairman, on September 5, 1989, the President issued the National Drug Control Strategy pursuant to the Anti-Drug Abuse Act of 1988. The President's Strategy provides for an integrated program of counternarcotics actions designed to move the Nation substantially closer to the goal of a drug-free America.

On September 18, Secretary Cheney issued guidance to the Department of Defense which was designed to assist in the swift and effective implementation of the President's Strategy within the Department. In doing so, the Secretary stated that there can be no doubt that international trafficking in drugs is a national security problem for the United States. In recognition of that fact, he has designated the detection and countering of the production and trafficking of illegal drugs as a high priority national security mission of the Department of Defense.

The Department of Defense is not, of course, a law enforcement agency. We do not enforce domestic criminal laws, nor can the Department solve society's demand problem. There is, however, much that we can do without usurping a police role. Secretary Cheney has made it clear that the Department will work on the drug problem at every phase -- at the source of the illegal drugs, in the delivery pipeline, and in support of federal, state and local law enforcement agencies. In countries where plants are grown and the raw materials are converted into drugs, the Department can provide economic and security assistance, training and operational support for host country forces, and assistance to the law enforcement agencies of those countries in stopping the *export* of drugs.

The Department can also assist in stopping the *delivery* of drugs on their way to the United States and at our borders and ports of entry. Deploying appropriate elements of the Armed Forces with the mission to cut off the flow of drugs should, over time, help reduce the flow of drugs into our Nation. At the very least, these efforts will complicate the challenge of getting illegal drugs into the Nation, thereby increasing the costs and risks of drug smuggling.

Within our own borders, the Department will continue to assist law enforcement agencies and National Guard units with training, planning, and logistics. The Department will step up efforts to prevent and stop drug use by Department personnel, a program that has reduced drug use by over 80 percent during the last eight years.

On September 18, Secretary Cheney sent a message to all of the Commanders-in-Chief of the Unified and Specified Commands, informing them that the reduction of the flow of drugs into the United States is a high priority national security mission. The Secretary directed the CINCs to submit plans no later than October 15, 1989 for carrying out this mission in their respective areas of responsibility. While it will be up to the CINCs to provide details for carrying out the President's Drug Control Strategy, the Secretary has given them general direction. For example, the Secretary has asked the Commander-in-Chief of the Atlantic Command to prepare a plan for a Caribbean counternarcotics task force, with appropriate ships and aircraft, to help reduce the flow of drugs into Latin America. He has asked the Commander-in-Chief of Forces Command for a plan to deploy appropriate forces to complement and support the counternarcotics work of U.S. law enforcement agencies and cooperating foreign governments. He asked the Commander-in-Chief of NORAD for a plan to improve the detection and monitoring of illegal drugs traffic to the United States. He has asked the Commander-in-Chief of the

Southern and Pacific commands to combat the production and trafficking of illegal drugs in conjunction with cooperating host countries. The Secretary has also asked the civilian and military leadership of the Department of Defense to immediately find ways to improve the support of the President's Strategy, including ways to increase the effectiveness of host country forces.

While we engage in this critically important fight, we must also remain focused on the central objective of our defense policy, the preservation of the freedom of the United States. We must, therefore, manage the performance of our various national security missions with prudence, candor and energy.

Enhanced Drug Interdiction and Enforcement Role of the National Guard

The FY 1989 National Defense Authorization Act ushered in a new era in DoD support to law enforcement agencies. As you know, Title XI of the Act gave the Defense Department significant new responsibilities, including responsibility as the single lead agency of the Federal Government for the detection and monitoring of the aerial and maritime transit of illegal drugs into the United States; planning responsibility for a communications network that will support the integration of U.S. command, control, communications and technical intelligence assets dedicated to drug interdiction; and an enhanced role for the National Guard, under the direction of state governors, to support state drug interdiction and law enforcement operations. I will briefly describe our performance to date of each of these new missions.

The FY 1989 Authorization Act does, of course, require that a minimum of $40 million be used by the National Guard in support of law enforcement agencies. In order to receive funds, the Governors of the states were invited to submit to the Secretary of Defense proposed plans for the use of the National Guard (in their "state" or Title 32 status) in drug enforcement and interdiction operations. Each plan was reviewed by the Department to ensure that it is operationally feasible and that the costing methodology was correct. The statute required the Secretary of Defense to consult the Attorney General regarding the adequacy of each plan before authorizing the release of funds for the pay, allowances, clothing, subsistence, gratuities, travel, the costs of the operation and maintenance of equipment, and various other expenses expected to be incurred by the National Guard in the implementation of each plan. Such consultation did take place in connection with each plan.

To date, the Secretary of Defense has approved all 54 separate state and territorial plans which were submitted for FY 1989 and he has directed the transfer of more than $40 million to the states to implement those plans. As of September 15, over 96,054 mandays of effort had been provided by the National Guard in 53 separate states and territories in support of law enforcement agencies engaged in drug interdiction. The National Guard support has included such activities as cargo searches at land border entry points and seaports; aerial and radar surveillance of borders and select air corridors; transportation support; the loan of equipment; training; ground reconnaissance of border and isolated air strips; and communications support. One of the more successful operations was Border Ranger II which was conducted by the California National Guard in June. The operation involved a 30-day sustained effort along the southern border of California, and detailed coordination between the National Guard, the Customs Service, the Border Patrol, the California Department of Corrections, the Marine Corps, the Army, and several local sheriffs' departments.

The Detection and Monitoring Mission

Shortly after the Department of Defense was designated as the lead agency for the detection and monitoring mission, the Secretary of Defense assigned to the Chairman of the Joint Chiefs of Staff the responsibility for defining the organizational responsibilities and developing the necessary plans to implement the mission. The general task is to detect aerial and maritime traffic attempting to illegally transport drugs into the United States, and to monitor this traffic until it is successfully handed off to law enforcement agency personnel who can search and arrest the drug traffickers and seize vessels.

Last December, the regional execution of the mission was ordered through the Chairman of the Joint Chiefs of Staff. USCINCLANT, USCINCPAC, CINCNORAD, and USCINCSO are now responsible for DoD's anti-drug operations within their respective functional or geographic areas of responsibility. The command and control organizations of the CINCs are simple and direct. Two joint task forces have been created and dedicated to the anti-drug surveillance missions. The Commander of Joint Task Force 4 in Key West, Florida, is, as you know, a Coast Guard Vice Admiral who reports to USCINCLANT. The Commander of Joint Task Force 5 in Alameda, California, is a Coast Guard Admiral who reports to USCINCPAC. Both have extensive anti-drug and maritime experience. The other two CINCS, CINCNORAD and CINCSOUTH, have elected to build on their operations from their command locations in Colorado Springs, Colorado, and Panama City, Panama, respectively.

The four CINCs gather and process multi-source tactical intelligence information, make use of data available from limited fixed surveillance assets, and coordinate or direct the efficient and effective application of mobile tactical surveillance assets to fill in gaps of radar coverage, conduct surge operations, and extend radar surveillance. Each regional commander has established a regional intelligence apparatus to obtain real-time, tactical information on drug trafficking within their areas of responsibility so that it can be shared with other Federal agencies. The Department is in the process of establishing enhanced, secure, and interoperable communications between the regional DoD detection and monitoring activities, and the key law enforcement agencies/C3I centers.

An efficient utilization of surveillance assets is key to the detection and monitoring mission. The primary fixed assets which are available include several aerostats and the Joint Surveillance Systems' coastal radars. Mobile tactical surveillance assets which are being applied to this mission include: airborne early warning and reconnaissance aircraft, deployable ground-based radar systems, naval combatants and NORAD's air defense fighter forces. Our future plans call for the appropriate use of strategic radar systems now under development, and the acquisition of additional fixed and mobile sensors.

C3I Communications Network

The FY 1989 Authorization Act also directed the Secretary of Defense to integrate the command, control, communications, and technical intelligence assets of the United States that are dedicated to the interdiction of illegal drugs, into an effective communications network. Long before the legislation was enacted, DoD had been actively involved in this area. The Department established and chaired an Interagency Working Group for Drug Enforcement Communications in April 1987.

The Department has completed the required report for submission to Congress describing the plan for the integration of C3I assets. That report reflects close interagency cooperation and it focuses on both the communications support needs for drug interdiction and the responsibilities for operating the communications network. Its aim is to promote a secure interoperable, interagency communications capability. It highlights the fact that the communications network for drug interdiction is comprised of several communications subsystems which serve a multipurpose function and are not necessarily dedicated for drug interdiction support. It is intended that some $60 million of the $300 million that was appropriated last year for the DoD anti-drug effort will be used for the acquisition of communications equipment for loan to drug enforcement agencies.

Other Assistance

As you know, the Department of Defense has historically provided significant support to various drug law enforcement agencies. That support has included intelligence, planning and communications support, and the loan of DoD equipment. At present, we have over $300 million worth of equipment on loan to various drug law enforcement agencies. These loans range from Navy E-2C aircraft and Blackhawk helicopters, to M-16 rifles. We also provide extensive surveillance support by both Active and Reserve personnel along the Nation's border and coastal areas. For example, in FY 1988, we provided over 28,000 flying hours and over 2,000 ship days in support of law enforcement efforts.

Over 60 DoD personnel are assigned to drug law enforcement agencies on a full-time basis. We provide extensive formal training, to include on-site training in foreign countries, to support interdiction and eradication operations. In the past two years we have trained over 250 U.S. government personnel and at least 500 foreign personnel in skills such as operational planning, logistics, weapons proficiency, jungle survival skills, basic individual combat training, and language proficiency. We have or have had on a recurring basis, Mobile Training Teams in Colombia, Bolivia, Ecuador, Costa Rica, the Bahamas, and occasionally in other source and transit countries. In FY 1988, we expedited the transfer of 26 excess UH-1H helicopters from the Army to the Department of State for use outside the country and we have offered this year to transfer 15 P-3A aircraft to the law enforcement agencies.

We have also provided recent support to the efforts of the Director of the Office of National Drug Control Policy to give emergency assistance to anti-drug efforts within the District of Columbia. Military lawyers have been assigned to augment the staff of the U.S. Attorney for the District and intelligence analysts have been assigned to the Metropolitan Area Task Force.

Assistance to South American Nations

Permit me now to turn to the specifics of our activities in the Andean Region.

As you know, Mr. Chairman, one of the President's principal foreign policy objectives is to reduce, and if possible eliminate, the flow of illegal narcotic substances to the United States. We believe that the Department of Defense can make an effective attack on the supply of drugs within the source countries through: (1) assistance for nation-building, (2) operational support to host-country forces, and (3) cooperation with host-country forces to prevent drug exports. Pursuant to the President's national Drug Control Strategy, near-term efforts will focus on the Andean nations from which most cocaine entering the United States originates. A key requirement for the success of U.S. efforts directed at the supply of illegal drugs, and in particular U.S. counternarcotics operations, will be the cooperation of the foreign countries involved.

As the National Drug Control Strategy indicates with respect to the Andean countries, a sustained, multi-year effort to provide economic, security, and law enforcement assistance is an essential element for a successful fight against illegal drugs abroad. Drug-producing criminal organizations control what amounts to private armies that challenge the law enforcement and military forces of their countries. Often such organizations are intertwined with insurgent forces that challenge directly the governments of their countries. The National Drug Control Strategy calls for the United States to reinforce the abilities of the governments of the countries cooperating in the fight against illegal drugs to combat drug-producing organizations. Security assistance will help enable such governments to protect themselves from criminal drug enterprises and drug-related insurgencies, and to enforce their law against drug producers and traffickers. Future economic assistance will help to strengthen the national economy and keep the labor, capital and entrepreneurship available in the country channeled toward useful production and away from drug production. Success in other efforts to attack the supply of illegal drugs depends in the long run upon the establishment of healthy economies in drug-producting countries and the restoration of governmental authority in those countries. To assist in the implementation of this element of the National Drug Control Strategy, the Department of Defense will execute security assistance programs in accordance with Presidential instructions and applicable law, and in coordination with the Department of State.

Effective implementation of the National Drug Control Strategy requires that the Department of Defense be prepared to provide counternarcotics operational support to the forces of cooperating countries. The U.S. Armed Forces can provide foreign forces with substantial assistance in training, reconnaissance, command and control, planning, logistics, medical support and civic action in connection with foreign forces' operations against the infrastructure of drug-producing criminal enterprises. Such military support would be designed to increase the effectiveness of foreign forces' efforts to destroy drug processing laboratories, disrupt drug-producing enterprises, and control the land, river and air routes by which the enterprises exfiltrate illegal drugs from the country.

All U.S. military personnel who are deployed to the region have available to them relevant threat assessments. They are in the region to train. We do not intend to place our personnel in direct contact with either insurgents, or the drug traffickers. United States military personnel will observe peace-time rules of engagement when they are in the region.

Colombia

As you know, Mr. Chairman, on August 25, the President invoked the provisions of the Foreign Assistance Act of 1961, and authorized the furnishing of up to $65 million in defense articles from the stocks of the Department of Defense, defense services of the Department of Defense, and military education and training to Colombia. The President further determined that it is important to the security interests of the United States to provide training, advice or financial support for police, prisons, or other law enforcement forces of the Government of Colombia. The $65 million is being used to provide equipment and training to the Colombian National Police, the Directorate of Administrative Security, the Army, Air Force, Navy and Marine Corps.

To date, over $15 million of equipment is already in place. That equipment includes air mobility assets, jeeps, ambulances, communications equipment, surgical equipment, small arms and ammunitions, explosives, and other, similar equipment. By law, all logistical transactions must take place within 120 days of the determination by the President that I noted earlier.

Our enhanced support will involve Technical Assistance Teams and Mobile Training Teams, as well as equipment transfer. The requirements are currently being developed in conjunction with both the Government of Colombia and the Department of State. The total number of military personnel in Colombia totals approximately 85 personnel, including military attaches, Embassy Guards, security assistance personnel, etc. We are taking action to minimize the number of U.S. military personnel who are deployed and the visibility of those who do deploy.

The key objectives of the Andean strategy are to strengthen the political will and the capabilities of the host nations, to increase the effectiveness of counter-cocaine activities, and to inflict significant damage to the operations of trafficking organizations. U.S. military personnel may provide training and operational support anywhere in the Andean region, but they will not accompany host government forces on actual field operations. The operational support may take various forms, e.g., planning, communications, medical, and logistics, but military personnel will not serve as field advisors or replace agents of the Drug Enforcement Administration on coca eradication operations. The President has emphasized that none of the countries within the Andean region have asked for U.S. troops and there is not contemplation of the use of U.S. Armed Forces personnel in any combat role in the Andean countries. What those countries are asking for, and what we are providing, is training for their police and military personnel, equipment, and operational support. Each request by any Andean country will be evaluated on a case-by-case basis.

Bolivia

In July 1986, Operation "Blast Furnace" was begun at the request of the Bolivian government to assist that country in its efforts to locate and destroy drug laboratories. The Department of Defense provided transportation, communications, and intelligence support to the Bolivian National Police. Operation "Blast Furnace" served as a catalyst within the Bolivian government to press all segments of Bolivian society to face the narcotics issue seriously. Activities for the operation ended in November 1986 prior to the rainy season. A follow-on program was established to provide the Bolivians with equipment and training to perform continuing counternarcotics initiatives. The country team is in the process of identifying requirements for additional support and a SOUTHCOM liaison team has made itself available to the country team to assist team members in this effort.

Peru

Peru is plagued by a significant insurgent, terrorist and narcotics threat that undermines the stability of its democratic institutions. Counternarcotics helicopter support has been provided exclusively through the State Department. The UH-1H helicopters have been used by the Peruvian Civil Guard to implement their counternarcotics efforts. We have also been providing training, outside of the Upper Huallega Valley, and we will provide additional support during FY 1990. The country team is currently reviewing requirements for ground, air, riverine and general support to enhance that nation's capabilities to fight the drug scourge.

Conclusion

In his February 9, 1989, address to the Congress, the President declared:

> **"Let this be recorded as the time when America rose up and said 'No' to drugs. The scourge of drugs must be stopped...The war [on drugs] will be waged on all fronts.**
>
> **"Some money will be used to expand treatment to the poor, and to young mothers. This will offer the helping hand to the many innocent victims of drugs--like the thousands of babies born addicted, or with AIDS, because of the mother's addition. Some will be used to cut the waiting time for treatment. Some will be devoted to those urban schools where the emergency is not the worst. And much of it will be used to protect our borders, with help from the Coast Guard, the Customs Service, the Department of State and Justice, and yes, the U.S. military."**

Secretary Cheney noted last week that the Nation will ultimately be rid of the scourge of illegal drugs only through the sustained application of the energy, courage and determination of the American people and that the Nation must seek to eliminate both the demand for and the supply of illegal drugs, for we will conquer neither if the other is left unchecked. Mr. Chairman, I assure you that the Department of Defense recognizes the importance and the urgency of this critical national problem. We are making a very energetic effort to perform the major counternarcotics responsibilities which have been assigned to us, as well as our other important national security responsibilities. Should it prove necessary to do so in implementing the President's Strategy effectively, we will seek any additional statutory authority that may be necessary. The men and women of America's Armed Forces continue to be an important part of the national effort to secure for all Americans, a drug-free America.

Mr. Chairman, this completes my statement. Thank you for the privilege of appearing before the Committee.

Senate Permanent Subcommittee on Investigations

EXHIBIT # 1

The Wall Street Journal -- Friday, August 25, 1989

Jamaica Calls for Multilateral Anti-Drug Force

The Americas

By Michael Manley

KINGSTON—Recent events in Colombia have once again thrown into dramatic focus the danger posed to the world by drugs and its trafficking. It is clear today that criminal drug cartels represent a global threat that may be without precedent. We are dealing with the most brutal and complete international criminal conspiracy the world has ever known, which can overwhelm us if we do not deal imaginatively and multilaterally with this threat. It is like a dagger at the throat of civilization.

In a small island in the Caribbean, like Jamaica, we are trying to do what we can to combat the growing menace caused by drug traffickers using Jamaica as an exporter of marijuana and more recently as a cocaine transshipment point.

We have already introduced extraordinary security measures at our seaports and airports to try to stem the drug tide, and are working closely with the U.S. Drug Enforcement Administration to improve our interdiction and intelligence efforts. New laws mandate 24-hour surveillance by security forces and customs officials of all planes and ships, and place greater responsibility on exporters and transport operators to police their cargo.

We are going to be one of the first small countries to introduce a formal program of drug education in our school system; next month we start in our primary schools in major urban areas to teach young children about drug abuse.

But I do not fool myself into thinking we—or any country—can solve this problem alone. We are dealing with people to whom the world is just a single canvas of opportunity. They are so skillful that if we, for instance, begin to block our airports or seaports, there are dozens of others they can use. That is why we must internationalize the response to this problem. The drug problem cannot be solved by individual nations or even bilateral arrangements. It is a global problem that demands a multilateral response.

This is not unusual. Multinational, coordinated intelligence efforts have proved effective in the past against specific terrorist and criminal targets—in Italy, for example. And when hijacking was reaching epidemic proportions, the international community eventually agreed upon a United Nations convention against hijacking to bring together international resources. The specially trained forces acted effectively under U.N. sponsorship. Similarly, we have U.N. conventions against drug trafficking and drug abuse. But there is no means of implementation.

We are proposing an international anti-narcotics force that could help countries struggling against drug cartels to train agents and catch smugglers, to act as a global intelligence clearinghouse and, if needed—and by invitation only—provide trained operatives and even paramilitary muscle against traffickers. Like the U.N. peacekeeping force, this multilateral drug strike force could be called in at a time of need in a manner entirely consistent with perceptions in relation to sovereignty. At this very moment Colombia needs military help but dare not call for it because of the implications for its sovereignty. With a U.N. force, no such problems would arise.

Finally, an internationalized response could not only dramatically increase the anti-drug capabilities of all nations, but would inevitably increase the level of awareness of the problem as well. The very fact that a multilateral drug force existed would increase the chances that many countries who have their own anti-drug effort on the "back burner"—or not on the "stove" at all—would tend to become more conscious of the dangers and possible responses.

There are a variety of institutions that could undertake such an international drug trafficking organization. It could operate under the auspices of the U.N., funded by contributing nations. Or, perhaps, an initial effort could be mounted by the Commonwealth countries, or by the Organization of American States. We in Jamaica intend to approach all these multilateral entities with this idea and have already had discussions with the Secretariat of the Commonwealth.

The solution to the supply side of the international drug crisis is international. But I believe the solution to the demand side is equally critical and requires an equally international response. The most stubborn aspect of the problem with drugs is to be found in that hard, brutal territory of poverty. Although experience tells us that many drug users are located in other socioeconomic groups, it is the poor who hurt most from the effects of drug abuse. Poverty brings a pain that is unique. Drugs bring a temporary release from that pain. When people are trapped in poverty, community outreach programs do not get to them easily. When countries are poor, their capacity to resist is low. The ability to corrupt is great.

We do not know how to build a society in Jamaica worth having on the basis of a drug culture. We fear that our capacity to avoid becoming corrupted in our judicial system and security forces by the massive resources and utter ruthlessness of the drug barons is limited. We believe that a multilateral anti-narcotics force that can begin to match wits and resources with the drug cartels threatening us all is a vital step to be taken now. There is no time to lose.

Mr. Manley was recently re-elected prime minister of Jamaica.

Senate Permanent Subcommittee
on Investigations

EXHIBIT # 2

Office of the Prime Minister

Jamaica House
Kingston

MULTILATERAL DRUG PROPOSAL

Considerable attention has been given to the multilateral strike force aspect of my proposal for international action in relation to drugs. This is misleading, for, while it is a critically important issue, the strike force is only one component of a comprehensive international strategy which I am proposing to combat this scourge. I therefore set out the elements of this broader proposal, which is gathering support throughout the Caribbean, in the United States and in countries like Venezuela and Spain.

(1) We will introduce a Resolution into the United Nations calling for the creation of an international capability in various areas of the drug struggle and inviting particular countries to become signatories and to pledge support and finance.

It is to be noted that the U.S. Senate has already voted unanimously for a Resolution approving the idea and inviting the Bush Administration to provide funds now allocated to the U.N. system to assist in the financing of this idea.

(2) Acting under the Resolution, to set up an organisation devoted to the development of the following/

following capabilities:

(i) a central intelligence-gathering operation which would collate and coordinate all information on drug trafficking worldwide including financial flows which are a principal means of tracking the operations of the drug cartels;

(ii) A training facility devoted to
  (a) narcotics agents in both the investigative and interdiction aspects, and
  (b) agents trained in narcotics intelligence.

(iii) A reserve pool of narcotics agents and intelligence operatives with experience in different parts of the world.

This pool could be used to make available to countries with inadequate resources in this field, on-the-ground support for specified periods of time.

This reserve capability would be particularly valuable for countries which are having their own people undergo training and would help strengthen the anti-drug operations in different countries while they are training

to/

to increase the effectiveness of their operations.

(iv) A division devoted to public education and other elements of the demand management side of the drug operations. There is a growing body of experience in different parts of the world about drug education in schools, in communities and in more general public relations programmes. A means of cross-fertilising research and knowledge in this field and having small groups of experts who could go to countries with the will to tackle this aspect of the matter could be invaluable.

(v) A central body of expertise in the mounting and maintenance of rehabilitation programmes. Already this aspect of the matter receives attention from a U.N. Agency with headquarters in Geneva.

A technical question would be whether to leave this under its present auspices or incorporate it into a single programme even if its headquarters remain in Geneva. I happen to favour the second course of action.

(vi) A central source of advice in the planning and administration of income substitution

programmes./

programmes. This could include levels of support that would make even seed finance available.

This programme is also in existence with headquarters in Geneva and receives considerable financial support, particularly from the Government of Italy.

Alternative sources of income for peasants who have spent their lives taking their children through the production of the ganja plant or the coca leaf, deserve and need help in adjusting after eradication programmes and in any event, represent a hugh potential source of passionate opposition to any anti-drug operation.

(vii) A multilateral strike force under U.N. command and consisting of specially trained military personnel having regard for the nature of the drug operations which have reached the scale of virtually civil war or gang operations beyond the capacity of local security forces to handled.

Apart from the opportunity this would provide for developing appropriated expertise in this kind of fighting, the great advantage of the multilateral strike force is that it gets

around/

> around the problem of sovereignty. For example, both the Colombian and the United States Governments have hesitated long over the question of whether to invite U.S. troops to help the Colombian Forces fight the Medellin cartel. In the end, both Governments retreat from the idea because the troops of a foreign power would immediately provoke a controversy about sovereignty. No such difficulty would arise if a Government were to invite a multilateral strike force under the United Nations command and sponsorship.

It is to be understood that all of these facilities which would be developed from small beginnings and grow as commitment, resources and experience expand, would be subject to the overriding principle that assistance would only be in response to a formal request from the Government of a particular country.

This plan has been introduced and won the support of CARICOM, received the unanimous backing in principle from both the Senate and House in Washington, has been endorsed in principle by the Presidents of Venezuela and Spain, and will be introduced at the Non-Aligned Summit and at the Commonwealth Heads of Government Meeting in September and October of this year, respectively. It will be introduced as a formal Resolution in the United Nations immediately after the Commonwealth Heads of Government Meeting.

ARLEN SPECTER
PENNSYLVANIA

COMMITTEES
JUDICIARY
APPROPRIATIONS
VETERANS' AFFAIRS
INTELLIGENCE

United States Senate
WASHINGTON, DC 20510

(2)

August 21, 1989

Senate Permanent Subcommittee
on Investigations

EXHIBIT # 3

His Excellency Virgilio Barco Vargas
President of the Republic of Colombia
Bogota, Colombia

Dear President Barco:

I write to express my condolences for the brutal slaying of Senator Luis Carlos Galan and further to express my strong support for your current activities on seeking to arrest and send drug dealers to the United States for trial in our courts.

I have today discussed with United States Ambassador McNamara your Executive Decree to extradite drug dealers to the United States for trial after they are taken into custody in your current police and military action. I am confident that your action will be broadly supported by my colleagues in the United States Senate and United States House of Representatives who are determined to see all possible action taken against such drug dealers.

The United States Congress has enacted powerful laws on extraterritorial jurisdiction which would enable us to try those drug dealers in our courts under precedents of the Supreme Court of the United States dating back to the landmark decision of Ker v. Illinois and upheld in an opinion by Mr. Justice Hugo Black in the celebrated case of Frisbee v. Collins.

These precedents were used in the successful prosecution in the case of U.S. v. Fawaz Younis who was taken into custody on a small fishing boat in the Mediterranean, brought back to Washington, D.C. where he was tried, convicted and is currently in a U.S. jail.

I had the pleasure of visiting you in Colombia on August 31, 1988 and to discuss with you at that time increased action against drug traffickers including my proposal for a multinational police force to apprehend drug traffickers and an International Court to try them.

I have just refreshed my recollection of our meeting by reviewing a summary of our discussion which was prepared by the United States Department of State officials who were present.

During my visit to Colombia, I discussed my ideas for an international body to try and arrest major drug dealers with Attorney General Horacio Serpa Uribe, who was sympathetic to this approach.

I later talked to Minister of Justice Guillermo Plazas Alcid, who advised that the way to deal with narcotics trafficking was through multilateral mechanisms.

United States Congressional enactments have called upon our President to pursue a program for a multinational police force on drug traffickers and an International Court to try such international criminals.

In my telephone conversation today with Ambassador McNamara, I asked him to explore with you your interest in such an idea. While I realize that you are moving ahead with your own military forces at the present time, I believe now is the time to move ahead with the organization of such a multinational force which could be used in the future in any country which was beset with drug traffickers. I would very much appreciate your views on this important subject.

When I told Ambassador McNamara of my strong support for your action, Ambassador McNamara advised me that it would be useful for me to write to you on this subject which I am now doing.

Again, my congratulations on your firm actions. President Bush has already expressed his support for your courageous action; and I am sure that you will receive strong support from members of the United States Congress and the American people.

Sincerely,

Arlen Specter

AS/kr

cc: Secretary of State James Baker III
The Honorable Thomas E. McNamara

P.S. Since dictating this letter, I have talked to Senator Don Riegle of Michigan, Senator Thad Cochran of Mississippi and Senator Wyche Fowler of Georgia; and all strongly support your stand against the drug traffickers. I anticipate followup correspondence from these and other senators.

ARLEN SPECTER
PENNSYLVANIA

COMMITTEES: (3)
JUDICIARY
APPROPRIATIONS
VETERANS' AFFAIRS
INTELLIGENCE

United States Senate
WASHINGTON, DC 20510

Senate Permanent Subcommittee
on Investigations

EXHIBIT # 4

August 22, 1989

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

In light of the current developments in Colombia, I urge you to consider a U.S. initiative to organize a multinational anti-narcotics military force for the Western Hemisphere. Section 4101 of the 1988 Drug Act calls upon the President to direct our Ambassador to the Organization of American States to initiate diplomatic discussions to form such a multinational force.

Last year, I visited Colombia, Bolivia and Peru and discussed this idea with the leaders of those nations, including President Barco. In general, the responses were guarded, but worth pursuing. You may remember that then-Attorney General Meese talked about such a force when he made a trip to Latin America in the spring of 1988.

When I visited a training camp in Chimore, Bolivia, I was surprised to find that DEA agents, who were both overweight and not young, were permitted to accompany Bolivian military forces on raids against chemical laboratories while Special Forces personnel, who were well trained and in excellent physical condition, were prohibited from doing so by U.S. law. When the Senate considered the Drug Bill, I sought to change that provision of U.S. law but was unsuccessful because my colleagues wanted hearings on the subject.

The current events in Colombia make it especially timely to push this proposal at this time. In the last two days, I have discussed the idea with Attorney General Dick Thornburgh, National Security Advisor Brent Scowcroft, his Deputy Bob Gates, Director Bill Bennett, Deputy Secretary of State Larry Eagleburger, Vice Chairman of the Joint Chiefs of Staff Robert Heres, Chairman of the Joint Chiefs of Staff-designate Colin Powell, Assistant Secretary of State for Latin America Bernard Aronson, Assistant Secretary of State for International Narcotics Matters Melvyn Levitsky, and our Ambassador to Colombia Thomas E. McNamara. While some were non-committal, most expressed the view that it was an option worth pursuing.

As I believe you know, I have pressed for the past five years for an International Court and expanded U.S. action around the world on terrorism and drug traffickers including expanded use of extraterritorial jurisdiction such as that employed in the successful prosecution of Fawaz Younis. Our experience with terrorists like Abu Abbas suggests that even friendly nations like Egypt or Italy might have been willing to turn him over to an International Court for prosecution but not to the United States. An international "Devil's Island" to hold terrorists like Hamadei would spare nations like West Germany the problems of being blackmailed by terrorists who then seize West German hostages. Latin American countries like Colombia would find their sovereignty much less threatened by an invitation to a multinational police force and an International Court to try drug traffickers would make extradition much easier.

I realize that you are taking a very few days of well-earned vacation, but this matter is so important and so timely in view of your September 5 speech on drugs that I wanted to call this matter to your personal attention.

My best.

Sincerely,

Arlen Specter

AS/kr

cc: Attorney General Dick Thornburgh
National Security Advisor Brent Scowcroft
Deputy Secretary of State Lawrence Eagleburger
Director Bill Bennett
Deputy National Security Advisor Robert M. Gates
Vice Chairman of the Joint Chiefs of Staff Robert Heres
Chairman-designate of the Joint Chiefs of Staff Colin Powell
Assistant Secretary of State Bernard Aronson
Assistant Secretary of State Melvyn Levitsky
✓Ambassador Thomas E. McNamara

Senate Permanent Subcommittee
on Investigations

EXHIBIT # 5

Office of the Prime Minister

Jamaica House
Kingston

September 5, 1989

Senator Arlen Specter
Committee on Appropriations
United States Senate
Washington, D.C. 20510

Dear Arlen:

Recent events in Colombia bring into dramatic focus the monumental proportions of the crises we face in the struggle against drugs in the Latin-American and Caribbean region.

Earlier this year, it became clear to me that the region was on the verge of a major crisis if we did not act decisively and quickly. In response to this, I introduced, at the start of my administration, a series of multilateral proposals to fight the drug menace. These proposals included centralized intelligence, training for narcotics agents, education, rehabilitation and economic development to provide alternatives to the poverty stricken growers of plants that are the basis of the different drugs. It also included the creation of a Multilateral Strike Force as a last resort to combat the drug armies.

I am gratified by the response of the United States Congress and Senate to these proposals and wish to thank you for the personal interest you have shown in this initiative. Given the most recent developments, I have elaborated on my initial proposals which I am sending to you for your review and reaction.

I believe it is a programme which is desperately needed to begin the counter-attack against the drug cartels in this region and worldwide. I hope when Congress reconvenes you will consider such proposals as part of a regional response to the major challenge we all now face.

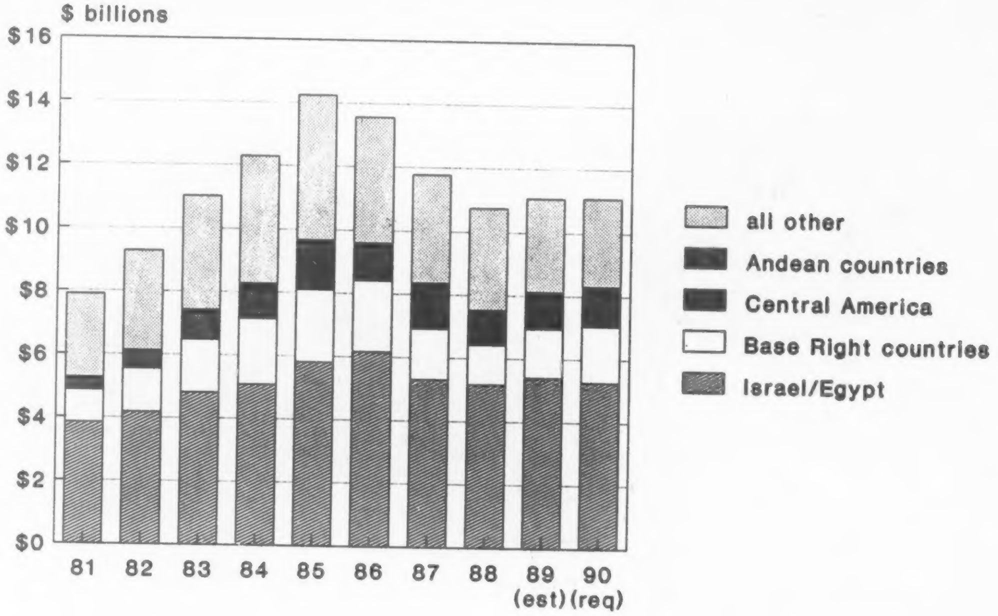
Sincerely,

Michael Manley
PRIME MINISTER

Senate Permanent Subcommittee
on Investigations

EXHIBIT # 6

U.S. BILATERAL FOREIGN ASSISTANCE
Selected Major Recipients: FY81 - FY90



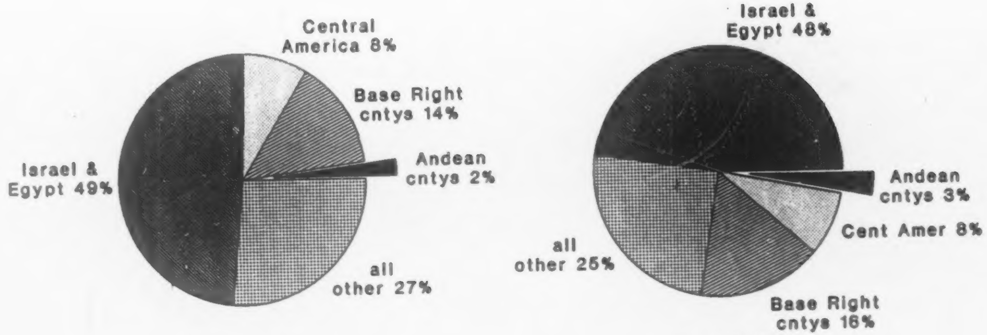
Source: CRS Foreign Aid Data Base

Base Right Countries - Greece, Turkey, Spain, Portugal and the Philippines

Senate Permanent Subcommittee
on Investigations

EXHIBIT # 7

U.S. BILATERAL FOREIGN ASSISTANCE
Selected Major Recipients: FY89 - FY90



FY 1989
(estimate)

FY 1990
(revised request)

Base Right Countries = Greece, Turkey, Spain, Portugal, and the Philippines

source: CRS Foreign Aid Data Base

Top 15 Countries Receiving U.S. Bilateral Foreign Aid

Country	1981	1982	1983	1984	1985	1986	1987	1988	EST. 1989	REQUEST 1990
Israel	2164.000	2206.000	2485.000	2610.000	3350.050	3621.000	3000.000	3000.000	3000.000	3000.000
Egypt	1681.241	1967.300	2331.973	2470.794	2468.683	2539.095	2316.481	2174.946	2409.800	2276.700
Phillipines	173.154	158.199	154.101	157.822	281.986	504.173	399.241	268.683	485.160	655.470
Pakistan	76.793	200.826	539.515	608.141	665.200	668.368	665.157	726.586	583.010	627.200
Turkey	453.815	704.108	688.805	857.813	879.490	738.074	596.614	525.650	563.750	613.850
El Salvador	149.427	264.163	326.827	412.485	570.214	444.415	574.377	395.599	399.820	386.160
Greece	178.043	281.262	281.294	501.406	501.366	431.896	344.250	344.100	350.700	350.700
Honduras	45.364	111.983	154.220	172.466	296.386	197.804	259.009	198.081	191.720	213.670
Portugal	77.820	87.378	131.134	147.888	207.959	188.956	147.364	119.563	152.550	177.600
Guatamala	19.140	15.453	29.636	20.226	107.362	121.971	193.242	141.606	156.860	162.640
Bangladesh	152.267	172.652	172.538	193.506	205.528	185.617	189.399	109.641	162.090	134.270
Morocco	90.133	94.016	155.199	154.102	155.106	120.550	144.223	140.312	147.100	122.450
India	275.061	221.852	209.658	213.450	191.100	197.033	156.584	135.228	91.940	110.400
*Afghanistan	0.000	0.000	0.000	0.000	3.369	27.207	34.531	74.000	77.640	105.570
Bolivia	12.741	19.713	63.005	78.155	53.971	76.209	79.201	88.000	89.270	148.500

*Cross border programs to resistance. Overt economic aid

Source: CRS Foreign Aid Data Base

Millions of Dollars
FY89: EST
FY90: REQUEST

Senate Permanent Subcommittee
on Investigations

EXHIBIT # 8a.

Senate Permanent Subcommittee
on Investigations

EXHIBIT # 8b.

CENTRAL AMERICA: U.S. BILATERAL FOREIGN AID

Country	1981	1982	1983	1984	1985	1986	1987	1988	EST. 1989	REQUEST 1990
EL SALVADOR	149.427	264.163	326.827	412.485	570.214	444.415	574.377	395.599	399.820	386.160
HONDURAS	45.364	111.983	154.220	172.466	296.386	197.804	259.009	198.081	191.720	213.670
GUATEMALA	19.140	15.453	29.636	20.226	107.362	121.971	193.242	141.606	156.860	162.640
COSTA RICA	15.274	53.835	218.714	178.968	231.283	165.341	182.966	120.557	117.540	88.160
BELIZE	0.997	0.950	17.877	5.973	25.832	12.588	16.394	10.681	10.290	12.280
NICARAGUA	59.921	6.252	0.004	0.104	0.000	0.000	0.000	0.000	* 2.000	0.000
PANAMA	10.888	18.451	12.731	25.578	85.024	41.537	15.679	1.228	0.140	0.000

*1989 U.S. Congressional initiative for grant to Nat'l.
Endowment for Democracy - promotes democracy education programs.

Millions of Dollars
FY89: EST
FY90: REQUEST

Source: CRS Foreign Aid Data Base

Senate Permanent Subcommittee
on Investigations

EXHIBIT # 8c.

ANDEAN REGION: U.S. BILATERAL FOREIGN AID

Country	1981	1982	1983	1984	1985	1986	1987	1988	EST. 1989	REQUEST 1990
BOLIVIA	12.741	14.713	63.005	78.155	53.971	76.209	79.201	88.000	89.270	148.500
PERU	84.482	59.540	97.941	175.347	87.711	59.003	63.804	71.170	51.270	104.300
COLOMBIA	6.052	13.578	4.657	33.465	12.108	15.797	17.043	14.285	87.100	86.200

SOURCE: CRS FOREIGN AID DATA BASE

MILLIONS OF DOLLARS
FY89: EST
FY90: REQUEST

Senate Permanent Subcommittee on Investigations

EXHIBIT # 9a.

PERCENTAGE OF TOTAL U.S. AID EACH OF 15 TOP COUNTRIES RECEIVES

Country	1981	1982	1983	1984	1985	1986	1987	1988	EST. 1989	REQUEST 1990
ISRAEL	27.42	23.77	22.53	21.24	23.52	26.69	25.47	28.07	27.24	27.02
EGYPT	21.3	21.2	21.15	20.1	17.33	18.72	19.67	20.35	21.88	20.51
PHILLIPINES	2.19	1.7	1.4	1.28	1.98	3.72	3.39	2.51	4.41	5.9
PAKISTAN	.97	2.16	4.89	4.95	4.67	4.93	5.65	6.8	5.29	5.65
TURKEY	5.75	7.59	6.25	6.98	6.17	5.44	5.07	4.92	5.12	5.53
EL SALVADOR	1.89	2.85	2.96	3.36	4.0	3.28	4.88	3.7	3.63	3.48
GREECE	2.26	3.03	2.55	[illegible]	3.52	3.18	2.92	3.22	3.18	3.18
HONDURAS	.57	1.21	1.4	1.4	2.08	1.46	2.2	1.85	1.74	1.92
PORTUGAL	.99	.94	1.19	1.2	1.46	1.39	1.25	1.12	1.39	1.6
GUATAMALA	.24	.17	.27	.16	.75	.9	1.64	1.33	1.42	1.46
BANGLADESH	1.9[illegible]	1.86	1.56	1.57	1.44	1.37	1.61	1.03	1.47	1.21
INDIA	3.49	2.39	1.9	1.74	1.34	1.45	1.33	1.27	.83	.99
AFGHANISTAN	0	0	0	0	.02	.2	.29	.69	.7	.95
BOLIVIA	.16	.21	.57	.64	.38	.56	.67	.86	.86	1.34
MOROCCO	1.14	1.01	1.41	1.25	1.09	.89	1.22	1.31	1.34	1.10
								*10.553	*10.870	*11.103

SOURCE: CRS FOREIGN AID DATA BASE

*TOTAL U.S. BILATERAL FOREIGN AID

MILLIONS OF DOLLARS
FY89: EST
FY90: REQUEST

Senate Permanent Subcommittee
on Investigations

EXHIBIT # 9b.

PERCENTAGE OF TOTAL U.S. AID CENTRAL AMERICAN COUNTRIES RECEIVE

Country	1981	1982	1983	1984	1985	1986	1987	1988	EST. 1989	REQUEST 1990
EL SALVADOR	1.89	2.85	2.96	3.36	4.0	3.28	4.88	3.7	3.63	3.48
HONDURAS	.57	1.21	1.4	1.4	2.08	1.46	2.2	1.85	1.74	1.92
GUATAMALA	.24	.17	.27	.16	.75	.9	1.64	1.33	1.42	1.46
COSTA RICA	.19	.58	1.98	1.46	1.62	1.22	1.55	1.13	1.07	.79
BELIZE	.01	.01	.16	.05	.18	.09	.14	.1	.09	.11
NICARAGUA	.76	.07	—	—	—	—	—	0	.02	0
PANAMA	.14	.2	.12	.21	.6	.31	.13	.01	0	0
								*10,553	*10,870	*11,103

SOURCE: CRS FOREIGN AID DATA BASE

*TOTAL U.S. BILATERAL FOREIGN AID

MILLIONS OF DOLLARS
FY89: EST
FY90: REQUEST

Senate Permanent Subcommittee
on Investigations

EXHIBIT # 9c.

PERCENTAGE OF TOTAL U.S. AID ANDEAN COUNTRIES RECEIVE

Country	1981	1982	1983	1984	1985	1986	1987	1988	EST. 1989	REQUEST 1990
BOLIVIA	.16	.21	.57	.64	.38	.56	.67	.86	.86	1.34
PERU	1.07	.64	.89	1.43	.62	.43	.54	.67	.53	.94
COLOMBIA	.08	.15	.04	.27	.09	.12	.14	.13	.81	.77
								*10,553	*10,870	*11,103

SOURCE: CRS FOREIGN AID DATA BASE

*TOTAL U.S. BILATERAL FOREIGN AID

MILLIONS OF DOLLARS
FY89: EST
FY90: REQUEST

Senate Permanent Subcommittee
on Investigations

EXHIBIT # 10

The following article by President Alan Garcia was sent to several international newspapers to reflect the Peruvian perspective in the debate regarding the United States' program to fight drug trafficking in the Andean countries where coca and its derivatives are produced.

FRANKLY SPEAKING

Economic development is more effective than repression in the war against drugs.

By Alan Garcia Pérez

The acts of violence in Colombia and President Bush's message to the American people have placed drug addiction and drug trafficking at the top of the international agenda. I believe that Latin Americans must speak openly and directly about this subject to the people of the United States.

We salute President Bush's concern as well as his plea to the American people to stop drug use and to educate the public about the dangers of drug use. However, we think too much emphasis has been given to the subject of repression and legal sanctions; so called aid to the coca producing countries that is reduced to the delivery of helicopters, weapons, etc.

In the latter we find the weakest point in the proposal, not only because of the economic expenditure, but also the way in which this equipment is being put to use. By providing these governments with weapons and airplanes, we are only addresing the symptoms of this grave problem. To begin with, the governments of Latin-America do not represent society as a whole. Consequently, repression is never an effective alternative to development.

Therefore, providing weapons to these governments has limited effect. It would be more advantageous for the United States to forge an economic relationship with the farmers and peasants of Peru, Colombia and Bolivia, thereby establishing a connection with the producers of coca crops. If such an economic relationship could be attained, it would convert each Peruvian, Bolivian, and Colombian farmer into a determined participant in the war against drug trafficking. I believe that this proposal, although more complex and costly, would be more effective than existing proposals.

We must frankly state that the only method to combat the production of these crops is through alternative economic incentives.

The richest lands in Peru which comprise hundreds of thousands of hectars in the Huallaga Valley, are used solely for the cultivation of coca. The government has built highways to facilitate the exportation of products grown on this land. But the demand for this drug was greater than the State's investment so that now the Huallaga Valley no longer produces economically viable foods for Peru. One hectar of coca produces two or three times more profit than any other product in the region. Furthermore, the drug dealers block the highways to and from the Huallaga Valley by means of terrorism. So the peasants are left with no other choice than to produce coca which is exported directly by the drug dealers via their airplanes.

In the last ten years, the anti-coca production program was allocated 8 million dollars per year. These funds were used to organize groups that rooted out the coca plants by force. This effort was counter-productive.

In the Huallaga Valley there are fifty to sixty thousand families, and each one owns between two and four hectars of land. The erradication by force takes away each family income and also prevents our crops from growing for months or years. Gradually these incidents lead many peasants towards subversive acts.

I believe the most practical alliance the government of the United States could form is with the farmers of the tropical zones of our three countries. The problem of reorientation of a peasant who produces coca is a function of cost of production, prices, technology, markets, industrialization, internal transportation, infrastructure, and when necessary, air networks to transport their products to foreign countries.

Today, one hectar yields 1000 kg of coca per year, which is purchased by dealers at US$ 3.00 per kilo. Likewise, the peasants annual earnings are US$ 3,000 per hectar of coca. Furthermore, the product of export is guaranteed by air transport to a steady and growing market. The case of other crops is quite different. For example, one hectar in the same area produces only 400 kgs. of coffee at a price of US$ 2.00 per kilo. Thus the farmer earns only US$ 800 per year. One hectar of cacao produces 500 kgs at US$ 1.00 per kilo. An hectar of achiote (arnotto tree) produces 600 kgs. at a price of US$0.90 per kilo. Under these conditions no other crop is as attractive to the peasant. Furthermore, this situation is made more difficult because of the poor shape of the highways and the threat of terrorist violence. When and if the product reaches the ports of Peru the merchant retains most of the profits.

In this light, how is it possible to compete against a crop as lucrative as coca? First of all, by establishing a fund that provides agricultural assistance and price guarantees for other crops, the peasants will not only protect themselves against the dealers' demand but increase their rate of return on exports.

Secondly, improving the technology for the production of coffee, cacao and achiote in order to augment yields per hectar has already been demonstrated in the case of coffee, where yields increased from 400 to 1200 kgs. per year, boosting profits from 800 to 2400 dollars per hectar per year. This figure approaches the current coca earnings of 3000 dollars per hectar. This example could be applied to other crops.

Thirdly, the commercial value of coffee and cacao would increase if processing industries were established in these regions. In addition, by making the export markets accesible by air, crop conversion would take place at once. For its part the United States need only to increase the price by 30% over the next ten years for coffee, cacao and achiote grown in the Huallaga Valley and Santa Cruz de la Sierra, Bolivia and guarantee preferential entry into the U.S. market.

The result of these measures would provide the peasants with a defined and realistic alternative, thus convincing them to turn away from illicit crops. Considering the fact that the Huallaga Valley produces 60% of all coca leaves, I am certain that given a period of 18 months production would decrease by 50%. As an added measure to this proposal, the supply of cocaine would be greatly reduced if police patrolled the borders of Peru and Colombia with radar and other interceptive equipment.

Although pesimists would argue that cocaine production would simply shift to another region, I counter this view by stating that we will have gained time in addressing the root of the problem, which is reducing consumer demand in the industrialized nations. To acknowledge the effectiveness of this proposal while questioning the large investment involved is to make an absurd objection that contradicts our historical experience.

I have criticized the Bush proposals allocation of only 260 million dollars per year as the so called "Aid package" to the three countries, Peru, Bolivia and Colombia by comparing it to the U.S. military budget. If we are to believe the message that drug addiction is the nation's worst scourge, the amount spent on other programs is out of proportions with the amount allocated to stop production in the Andean nations. It should be noted that a program to reduce the supply and to erradicate consumption will require a large investment. In short, the only way to fight coca production is by diminishing demand. The other measures -police repression and adverse publicity- will be transitory and could be reversed by the results of elections. The point is not how much it will cost to carry out these suggestions, but how much it will cost not to do so.

I hope this proposal is heard. In the meantime, we applaud the U.S. government's determination, while we continue to fight this problem with the means at our disposal. We must also urge that the countries of Latin America, along with Europe, reach a politically responsible solution to this grave problem. Soon.

Senate Permanent Subcommittee
on Investigations

EXHIBIT # 11.

STAFF STATEMENT

PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

UNITED STATES SENATE

HEARINGS ON

U. S. GOVERNMENT'S ANTI-NARCOTICS ACTIVITIES IN THE ANDEAN REGION OF SOUTH AMERICA

SEPTEMBER 26, 1989

* * *

Introduction

From February 20, 1989 through March 7, 1989, Permanent Subcommittee on Investigations' Deputy Chief Counsel John Sopko, Staff Investigator Harold Lippman, and Chief Counsel for the Minority Daniel Rinzel, traveled to Colombia, Peru, Bolivia and Panama to examine firsthand joint U.S./source country anti-narcotics operations presently being conducted under the codename, Operation Snowcap, and to meet with concerned U.S. and source country officials regarding these and other related drug eradication and interdiction efforts. These same Subcommittee staff returned to these countries (with the exception of Panama) between August 7, 1989 and August 18, 1989, in order to update, in anticipation of these hearings, the information obtained previously.

COLOMBIA -- INITIAL TRIP

Observations

Economic data* indicates that in Colombia's $40 billion economy, retained and/or returned drug-related foreign exchange earnings amount to at most, an estimated $1 or $2 billion. Similarly, it is estimated that only about 50,000 out of a total rural labor force of four or five million persons are employed in the production of illegal drugs.

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* Throughout this statement, with some few exceptions, the names of the sources of the comments or observations cited have been deleted for reasons of confidentiality or personal security. However, the identity of these sources have been retained in documents that are part of the Subcommittee's permanent files.

This does not mean that the drug cartels, in concert with various insurgent groups, do not pose a very substantial threat to public order and political stability. This threat is manifested in many ways, but the one example most persistently mentioned by the U.S. and Colombian officials we spoke with is the current status of the Colombian judicial system. That system, according to virtually everyone we interviewed has all but disintegrated. The administrative framework is archaic, still functioning in many respects as it did in the 1800s. According to a U.S. official, only 2% of the more than 2 million criminal cases on the docket are being prosecuted. Colombian judges will average 20 cases per year -- in contrast to a Mexican judge's caseload of 250 annually. The judges are underpaid -- most of them are newly-graduated law students -- and many of them go for months without salary checks due to bureaucratic snafus There is no support staff including secretarial or other administrative support.

On top of these administrative problems, individual judges and magistrates throughout the system are subject to corruption and intimidation at the hands of the traffickers. The list of judicial assassinations in recent years includes Supreme Court Justices and an Attorney General. One major casualty of this intimidation has been the extradition process -- per the 1979 U.S./Colombia Bilateral Treaty -- which has been inoperative since February, 1987 (when Carlos Lehder was extradited to the U.S.). Indeed, according to a DEA source, the Colombian government avoids going after the drug mafia bosses for fear of the very embarrassing likelihood that the judicial system would fail to keep them in custody.

An example of the latter occurred in the November, 1987 arrest and release of Jorge Luis Ochoa. Weakness in the judicial system also makes it unlikely that the constitutionality of proposed anti-narcotics measures, such as ones aimed at money laundering or seizing and confiscating drug-generated assets, would be upheld if enacted.

As a consequence, the police and military, in conjunction with the DEA, have developed a strategy that does not rely upon the judicial system. Rather than make arrests, they focus on destroying crops, labs, and other assets of the cartels and insurgent groups.

The Colombian government, supported by the U.S., European countries, and the U.N., is focusing considerable effort and resources on shoring up the judicial system and trying to develop ways to protect its personnel. At the time of our first visit, however, most of the effort is focused on conferences and studies aimed at reviewing the options used by other countries, such as Italy, Germany and Great Britain, to deal with terrorist threats upon the judicial system. No specific programs for improvements had been established as of yet.

In response to a standard question asking what more the U.S. can do in the drug area, more than one of the high ranking Colombian officials with whom we spoke, said that Americans need to understand that the Colombians are fighting against the traffickers and are our ally in the war against drugs. There is a strong feeling among Colombian officials that their country is unfairly stereotyped in terms that only stress its producer role. They point out that for Colombia drugs are more than the public health problem they perceive it to be in the U.S., since it threatens the very "security of the state" and "its democratic principles." According to a senior Colombian National Police (CNP) official, 350 CNP and Colombian soldiers were killed last year in anti-drug operations. These casualties are just one indication of the very real drug war being fought by Colombia.

When you fly over even a comparatively small part of Colombia you get a strong feeling for the immense problems facing Colombian anti-narcotics personnel. The country is large (the size of Texas and New Mexico) and mountainous, making it extremely difficult, if not impossible, to have total, continuous coverage of the diverse and often remote areas in which drug operations take place. To handle this massive task, Colombia has a 2,000 man anti-narcotics force, which is part of the 85,000 member Colombian National Police. The latter, in turn, are considered to be part of the armed forces, which has about 135,000 personnel -- for an overall total of 220,000. Until relatively recently, the military elements of the armed forces have been preoccupied with anti-insurgent operations and are only just beginning to more substantially support anti-drug activities. Arrayed against these government forces are some 8,700 armed guerillas (supported by between 5,000 and 12,000 in popular militias) and hundreds of armed personnel in private militias maintained by the traffickers.

U.S. Anti-Narcotics Efforts

Roughly half of the U.S. Mission's total human and material resources are devoted to anti-narcotics efforts. The brunt of U.S. activity is carried on by DEA (with a total of 39 personnel in-country) and the Embassy's political section (which focuses on judicial matters, such as extradition and administration of justice programs) and the Narcotics Assistance Unit (comprised of 8 U.S. and 7 Colombians) who administer a $10 million annual budget that is devoted largely to support the Directorate of Anti-Narcotics of the Colombian National Police. Other Embassy elements also play an important role; e.g., USIA, whose 6 U.S. and 32 Colombian employees devote at least half their time to press and information activities in support of anti-narcotics programs.

According to U.S. Embassy sources, the Colombian Government is opposed to Snowcap-like operations, i.e., ones in which host country anti-narcotics elements operate jointly with DEA and/or other U.S. personnel. As a result, U.S. efforts have focused primarily on prompting and then supporting Colombian programs to eliminate the production of marijuana and cocaine by means of aerial herbicide spraying and interdicting the movement of these substances and the chemicals used in their processing.

Results of these efforts are mixed, i.e., some specific successes but little overall impact on amounts of drugs going to the U.S. For example, while some 39,000 hectares (1 hectare = 2.5 acres) of marijuana were successfully eradicated between 1984 and 1988, new areas of cultivation have sprung up, some of which pose additional problems since they are in remote, mountainous areas along the Colombian/Venezuelan border. Aerial spraying against Colombia's estimated 25,000 hectares of coca -- an amount that ranks third behind Bolivia (officially estimated at 40,000 hectares) and Peru (officially estimated at 105,000 hectares) -- is not being actively considered by the Colombian government because of concerns over possible adverse public reaction.

Until last year, interdiction efforts aimed at labs, airfields, and other parts of the processing/trafficking chain were not very productive, owing in part to the Colombian government's reluctance to aggressively attack more difficult cocaine targets in remote, guerrilla-infested areas. However, reflecting an all-time high in joint military and anti-narcotics police cooperation, seizures of cocaine base and HCL were the highest in the last five years. According to Embassy figures, Colombian forces destroyed 71 clandestine airstrips, 655 base and HCL labs, and 23 tons of cocaine products in 1988. Continuing promise along these lines was provided by "Operation Primavera," a recent ten-day exercise by Colombian anti-narcotics forces in the Medellin Cartel's backyard, which resulted in the seizure of 26 labs, more than a ton of cocaine, and enough precursor chemicals to process one-third of all the coca grown in South America in one year.

One major problem area that surfaced in our discussions with Embassy personnel concerned "intelligence". One knowledgeable U.S. official admitted that, while his agency collects good intelligence, they are not generally able to share it for operational purposes, for fear of compromising the sources. He feels that other U.S. agency personnel, for example, are too casual in protecting sources and that the more information provided by the latter is shared with Colombian police and military, the greater the risk. He added that cooperation among the providers and users of intelligence depends on the personalities involved and confirmed that such cooperation has been lacking at the U.S. Embassy in Bogota for some time. We also found that some U.S. agencies with intelligence-related missions were only just beginning to get more involved per specific directives that they do so.

Similarly, a senior DEA official admitted that they are not doing an adequate job on data gathering, e.g., getting accurate estimates of coca cultivation. DEA, he added, is also weak in its analytical capability. Reflecting the kind of rivalry that generates problems in this area, another DEA source said that in his opinion as far as intelligence is concerned, if DEA doesn't do it, it won't be done right.

In the close-out conference with U.S. officials, they said that the future of anti-narcotics efforts in Colombia will depend on the government's political will -- which, they feel it will be able to muster. (For one thing, Colombia has begun to experience its own drug use problem and public concern over the threat posed to Colombian society by drug trafficking has been increasing.) Also mentioned were several things to look for in terms of U.S. policy over the next 6 - 18 months: keeping the Colombians moving on judicial reforms, especially via pressure on the extradition issue; encouraging police activities aimed at weakening the producing/processing/trafficking infrastructure; advances in the area of precursor chemicals (via, for example, a new riverine program and international efforts with European chemical producers); and, getting the Colombians to do something concrete about protecting the judges and courts.

COLOMBIA -- UPDATE TRIP

Observations

The most striking thought about our most recent trip to Colombia is that much of what we saw and heard clearly anticipated the momentous events -- the assassination of Presidential candidate Luis Carlos Galan (8/18/89) and the subsequent emergency decrees by President Virgilio Barco calling for the arrest, extradition, and/or seizure of assets of major Colombian narco-traffickers that occurred just as we returned home.

Foremost in this regard, the already serious situation we observed last February regarding the disintegration of Colombia's judicial system, as a result of intimidation, threats and violent actions by the narco-traffickers, has continued to worsen. For example, a number of judges had been killed by the narco-traffickers since our first visit. When we met with several Public Order and Superior Court judges in Bogota they said they and many other judges had reached the point where they would go on strike if one more of their number came to harm.

In a moving and chilling series of remarks, one of the judges said that the choice they have been given by the narco-traffickers is "either work for us or die." He said that over 30 judges have been killed in recent years by the narco-traffickers and "not one person has been brought to justice." He grimly added that these judges have died in vain and that he too will more than likely be killed because the narco-traffickers' power far exceeds the present means to protect him. The pointedness of these comments was brought home to us when we later learned that another judge was in fact assassinated that same afternoon and on the very next day, the judges did indeed go on strike.

Relatedly, during discussions with U.S. Embassy officials, we were told that while there had been an effort since our last visit to provide adequate protection for judicial personnel, little substantive progress has been achieved. We heard some disagreement among U.S. officials on prospects in this regard. While some maintained that a constant public outcry had developed regarding the need to do something about the judiciary, others doubted that Colombians in general really understand the threat posed by their increasingly weak and dysfunctional justice system.

Our discussions with Colombians also touched on the above. For example, one individual (whose family members recently were forced to flee to the U.S. for their safety) expressed the concern that Colombia's "moral values have been compromised" as a result of the actions of the narco-traffickers and that Colombia may be reaching or have already passed a point of no return in this regard. She pointed out that an agreement -- prompted by the narco-trafficker's murder of the publisher of one of Colombia's major newspaper -- among broadcast and newspaper organizations to have a "unified" approach to drug-related news reporting, broke down within six months as a result of continued threats and pressure from the narco-traffickers. She added, that as of the date of our interview, she finds it "absurd" that virtually no other newspapers were printing editorials condemning narco-trafficker-inspired violence and other actions against Colombian society.

Similar concerns regarding the "moral effect" of the narco-traffickers on Colombian society were expressed by the Mayor of Bogota, who added that while he believes the average person does see the drug problem as a major one for his country, popular attitudes had not changed so much that controversial anti-drug measures, i.e., extradition of major narco-traffickers to the U.S. to stand trial, could be effectively pursued.

Finally, along these lines, an adviser to President Barco stated that since our previous visit, combined narco-trafficker and right wing extremist efforts are concentrating on political and governmental representatives instead of peasants (who were the primary object of attention until the last six months or so because of their guerilla group-supported resistance to largescale narco-traffickers purchases of farms and ranches). The presidential adviser said that what appears to be happening is a movement away from the recent pattern of narco-trafficker-leftist guerilla cooperation (although this does still exist) to "narco-fascism." DEA officials observed, that one reason why Colombian military forces do not go after narco-traffickers, such as the extremely powerful and notorious Rodriguez Gacha, is because of their avowed (and in Gacha's case virulent) anti-communist outlook. In this same vein, another thoughtful observer said that she believes "the narco-traffickers want to take over the government."

Little or no significant changes from our previous trip were found in several other important areas:

-- problems persist in achieving desired cooperation between U.S. agencies involved in gathering drug-related intelligence, despite Ambassador McNamara's stated objective in this regard, which was mentioned to us last February. Embassy officials are not optimistic that meaningful progress will soon be made in this area because much of the difficulty reflects deep-seated, Washington-based "institutional" differences between these agencies.

-- efforts to encourage increased cooperation between Colombian military and anti-narcotics police forces continue to be regarded with caution and/or suspicion by both groups. Indicative of this rivalry and the problematic nature of getting them to cooperate, we heard three different figures regarding the percentage of cocaine seizures made by the military versus the anti-narcotics police during 1988: Embassy officials said the military accounted for about one-third and the police the rest; an Anti-Narcotics Police official said the ratio was 90% for the police and 10% for the military; and, DEA sources said the ratio was more like 80% for the police and 20% for the military.

(Notwithstanding the continuing police/military rivalry, recent Colombian anti-narcotics efforts have resulted in dramatic increases in seizures/destruction of cocaine, processing labs, and/or precursor chemicals. For example, the 1988 levels were double that of 1987, while those for the first six months of 1989 have already equalled the total for 1988. Along these lines, Embassy sources also pointed out that 80% of the total amount of cocaine seized wordwide occurs in Colombia.)

Additional matters brought to our attention include:

-- strong Colombian concern over the breakdown of the existing international coffee agreement. Colombian officials are saying that to some considerable extent this breakdown is a consequence of mistaken U.S. policy and as a result the U.S. is being strongly criticized in the local media. The breakdown in the agreement has caused coffee prices to decline recently from $1.50/pound to $.84/pound. Coffee comprises 30% of Colombia's exports and involves more than one million people in related full- or part-time employment. Many Colombians cannot understand how the U.S. can be supporting a policy that is so harmful to Colombia, at the very time we expect it to do so much in the anti-drug area with already limited resources. Colombians point out that because of the decline in coffee prices they face the prospect of having to take away resources, which otherwise would be earmarked for anti-narcotics efforts, in order to support and stabilize their most important export industry.

-- U.S. military advisers told us that the Colombian government is pursuing a $161.2 million package of military equipment -- including helicopters and river craft to be used for drug-related purposes -- pursuant to provisions in the Anti Drug Abuse Act of 1988 allowing for U.S. Export-Import Bank financing for such purchases.

-- ironically, in view of the assassination of presidential candidate Galan just nine days later, the presidential adviser we spoke with said that in his opinion the narco-traffickers have "marginal impact" on Colombia's presidential elections. He indicated that where they do have significant impact is at the local level, e.g., some 10 to 15 mayors in the Magdalena Medio region are believed to have been elected owing to strong narco-traffickers financial support. This same individual also said that he did not feel that the presidential candidates would make narcotics an issue because of the threat of violence.

-- high ranking Colombian officials emphasized that "no one" in Colombia supports a direct, operational U.S. military role in its anti-narcotics efforts. According to them, Colombia's zealous concern with preserving its national sovereignty even extends to opposing proposed multilateral anti-narcotics military forces to assist them in fighting the narco-traffickers.

PERU -- INITIAL TRIP

Observations

U.S.-inspired drug control efforts in Peru take a back seat to at least two major crises facing the democratically elected government: a growing insurgency mounted by the Shining Path or Sendero Luminoso guerrillas (SL); and, an economy that is barely functioning, e.g., last year's inflation rate was 1,700 % and this year it may top 8,000 %.

Accordingly, as one U.S. official put it, the Peruvian government is not interested in or able to help us any more than it has to. Relatedly, U.S. officials also said that without our insistence, support, and literal participation in anti-narcotics operations, the Peruvian government would do little, if anything, on its own. A senior Peruvian government official referred to our preoccupation with drugs and added that if the U.S. wants Peru to help, it has to help Peru survive the guerrilla threat. Peru, he continued, "can live with drug traffickers for 50 years, but only 2 to 5 with the terrorists."

While an immediate political or economic collapse is not considered likely at this time, and the SL are not thought to be strong enough to overthrow the government by force, the situation in Peru is serious enough that: President Garcia purportedly offered the armed forces an opportunity to take over last year (which they apparently declined); an apparent military coup was planned for early this year (which the U.S. government decisively opposed); middle class/educated Peruvians are desperately trying to get out of the country (as reflected in large numbers of them coming to the U.S. Embassy seeking visas); and, a recent poll of Peruvian high school students found 66% of them saying they wished they lived somewhere other than their native country.

Peru's enormous foreign debt ($16 billion at the end of 1988) is an integral part of the grave economic crisis facing the government. It has also become problematic in the drug area because of the Brooks/Alexander Amendment requirements that military and other foreign aid be withheld from countries failing to meet certain debt repayment criteria. Both U.S. and Peruvian officials have concluded that something needs to be done about this because of the serious insurgent threat.

U.S.-inspired coca eradication efforts in the Upper Huallaga valley (UHV) are being effectively exploited by the SL and may be having the undesirable effect of driving coca growers into the arms of the insurgents. In this regard, a high level Peruvian official pointed out that because coca eradication threatens the campesinos' existence in a time of extreme economic difficulty, they perceive the State to be the enemy.

With narcotics traffickers and the SL allied in a not always smooth relationship in the UHV, neither the Peruvian anti-narcotics police (the Guardia Civile or GC) nor the Peruvian military are presently capable of undertaking sustained anti-narcotics operations in that region. Indeed, aside from the logistical and personnel deficiencies that help to explain this situation, anti-narcotics efforts are also adversely affected by strong antagonism that exists between the Peruvian police and armed forces.

For example, in August 1988 Peruvian Army and GC forces almost came to blows over who was in charge of some $500,000 in dope and assets seized in an operation in the town of Uchiza. Even calls for help when GC forces come under fire from narco-traffickers or the SL can go unanswered or be tardily responded to (as occurred recently in the UHV when requested Peruvian Air Force helicopter assistance did not come for almost 24 hours and, at that, only when the GC said they'd provide the fuel). Currently, Peruvian Navy/GC antagonism and jurisdictional squabbling are impeding progress in trying to get riverine programs underway in the country's Amazon region.

This antagonism was brought to a head recently again in the small UHV town of Uchiza. The entire police garrison in the town was recently wiped out by a combined SL and drug trafficker operation. At least five police officers as well as a nurse were summarily executed after the town was captured. The attack on the town was well planned since the main road into Uchiza was cut in both directions at day break while the attack occurred just before dusk. The insurgents are aware of the fact that the Peruvian military refuses to travel at night out of fear of ambush. The attack raged throughout the night and ended around 10:00 a.m. with the capture of the police post and subsequent slaughter. Throughout this time, calls were made for assistance to the military garrison at Tingo Maria, ten kilometers away by air. No assistance was ever provided, which has resulted in a public scandal that has caused the government to send additional troops to the region.

Corruption is also a major problem in both the GC and armed forces. Commanders of GC units have been removed and the military has sometimes undercut GC operations because armed forces elements were on the payroll of traffickers. One DEA agent pointed out that if the military declares an area off-limits, we can't go in and do drug operations. He added, that this is precisely what they have done regarding the Mozon River region, a suspected area of coca cultivation adjacent to the UHV. It is clear to him that in this case the military is on the traffickers' "payroll." Relatedly, according to a senior U.S. official, the Peruvian judicial system is "corrupt from the start; the traffickers don't have to corrupt it". As a result, for example, high ranking traffickers live in and move around Lima with impunity.

The overflight of the UHV that the staff took underscored the extent of the coca cultivation taking place, and served to emphasize the point made by many with whom we spoke that official U.S. figures on total coca production in the range of 105,000 hectares appear to be very underestimated. More plausible, based on what the eye could see in the UHV (which accounts for between 70-80% of Peru's coca production), is that total coca cultivation probably exceeds 200,000 hectares and, according to a Peruvian Ministry of the Interior official, as much as another 100,000 hectares are being cleared and readied for planting. Also striking is the pronounced ecological damage being caused by the extensive slash and burn clearing of the mountainsides on which the new fields have been and are being planted.

When asked about balancing resources for eradication versus interdiction, another Interior Ministry official said that rather than any specific percentage ratio for each, what he favors is "90% development," i.e., providing peasants with viable alternatives to raising coca. A Peruvian anti-narcotics police source said that what Peru is seeking are comprehensive regional and international strategies to coordinate anti-narcotics efforts. He said, for example, that precursor chemicals can only be controlled with international cooperation between producers and users and that if chemical eradication were to be done, it would have to be on a multilateral regional basis.

High ranking Peruvian and U.S. officials have discussed the possibility of trying to put more pressure on the traffickers as they move coca base or paste from Peru to Colombia for further processing and ultimate transport to the U.S. and elsewhere. Specifically, in addition to the idea of secretly placing sensors on airstrips and along other smuggling routes (and pre-positioning anti-narcotics forces to effect an arrest or seizure), the possibility has been discussed of using U.S. radar capability, such as that provided by the AWACS, to track the estimated 600-1,200 (2-4 daily) flights annually between Colombia and Peru and use Peruvian aircraft to intercept and/or shoot them down.

U.S. Anti-Narcotics Efforts

The U.S. anti-narcotics program in Peru presently focuses on eradication and interdiction, with greater emphasis on the former. While this tilt toward eradication is questioned by virtually all DEA personnel and others in the Mission -- since it reduces the number of helicopters and other resources available for interdiction -- it reflects the State Department's long-standing belief in and commitment to crop eradication in general and, wherever possible, aerial spraying in particular. The U.S. Ambassador continues to support the latter, although he concedes that any proposal for aerial herbicide spraying on a massive scale is certain to prompt major public and private opposition among Peruvians. A test of the herbicide Spike has been recently done in the UHV, but results are not anticipated for a year or possibly more, if the 1990 presidential elections intervene.

Eradication efforts are essentially conducted under State Department auspices, i.e., through the Embassy's Narcotics Assistance Unit (NAU). Interdiction efforts, which embrace virtually all Snowcap operations, are managed by DEA, under the overall control of the Ambassador. In the past few years, both eradication and interdiction efforts have centered almost entirely on the UHV and its surrounding areas.

Just prior to our arrival in Peru, the Ambassador temporarily suspended all operations in the UHV, owing to the increasingly dangerous threat posed by the SL and/or traffickers. This decision, in part, reflected a number of incidents in preceding weeks and months, in which GC forces, crop eradication workers (CORA), U.S. personnel, and/or the helicopters in which they were riding came under fire during operations in the UHV. By February, almost every helicopter was out of commission due to these incidents.

As a further security precaution, DEA agents who had been headquartered at a hotel in Tingo Maria, were instructed to return by plane each evening to Lima. (For this reason, the Ambassador refused to allow our staff delegation to land in the UHV and only permitted us to overfly the area.)

Last year the U.S. gave between $3-4 million to the GC anti-narcotics force and between $2-3 million to the CORA crop eradication program. At the time of our first visit, the State Department had nine helicopters (four hueys and five Bell 212s) in Peru. Recent experience has been that of the nine helicopters, five are typically available at any given time for actual operations. Of these five, three are devoted to transporting the CORA workers to eradication sites and two are made available to DEA/GC for interdiction efforts against labs and airstrips. The helicopters are on loan to the Peruvian government, but are flown and maintained by U.S. contract pilots and service personnel.

Results of both the eradication and interdiction efforts have been limited. Although eradication has increased from 300 hectares in 1987 to 15,000 hectares of coca destroyed in 1988, this has not kept pace with the increase in new acreage of coca production. In addition, the goal for 1989 is 30,000 hectares, and while an estimated 1,500 were destroyed in January, the suspension of operations in the UHV since early February makes it unlikely that anywhere near the original target will be achieved. In the interdiction area, nine labs were destroyed in 1987. In 1988, 75 labs (about 50% of which were active at the time of the raid) were destroyed and 62 metric tons of coca paste, base and/or HCL were seized.

Two broad groups of factors help to explain these limited results:

-- First, and perhaps foremost, is a lack of resources and secure operational base facilities. Notably, for example, fixed-wing lift capability is very limited, both in terms of available aircraft and adequate airstrips/runways for them to land on. In terms of operations in the UHV, this deficit is particularly important because the SL control the single road in and out of the valley and thus all personnel and logistics must be flown in to the new forward base being constructed at Santa Lucia. As a result, available helicopters will often have to split time between their eradication and interdiction functions and ferrying in personnel and supplies. In part reflecting such availability difficulties (other major factors include weather and security considerations), one DEA field supervisor said that in his last 120-day tour, he was only able to mount operations on 24 days.

-- Second, are the various kinds of problems associated with new programs and their start-up phase. State, DEA and the GC have experienced many difficulties in this regard. For example, according to a DEA field supervisor, the biggest problem he sees with the GC is that they are not sufficiently trained. Illustrative of this, he added, are accidental discharges of weapons, which resulted in at least a dozen self-inflicted wounds to GC personnel in 1987. Among the leading problems DEA has been grappling with are: how to maintain operational continuity as new TDY personnel are rotated in upon the expiration of their predecessors' 90-day tour; inadequate tactical intelligence (one agent said they are desperately short of support personnel, such as photo interpreters and signal intelligence people); and, insufficient medical personnel.

Similarly, the State Department has experienced major problems -- and corresponding consequent delays -- in the development and actual construction of the secure, forward base at Santa Lucia. For instance, heavy construction equipment is not easily found in Peru at this time and with present air assets, there does not appear to be a simple way to get such equipment to where it is needed. As a result, estimates of when the base -- and, particularly, the airstrip -- will be completed, range from an optimistic minimum of six months to as much as two years.

In discussing the forward base at Santa Lucia, DEA sources mentioned additional potential problems involving it. Their concern is that present plans call for closing down the existing base at Tingo Maria once the one at Santa Lucia is completed and moving the entire operation, including the fuel depots and maintenance facility, to the forward location. They feel that this would be most unwise and would leave those at Santa Lucia in the position of "sitting out at the end of a limb waiting to be sawed off". They believe that even with beefed up security, personnel at Santa Lucia would be hard-pressed to repel a substantial attack by the traffickers and/or SL, if the latter were armed with mortars and rocket-propelled grenades. They point out that Santa Lucia is relatively isolated, in a valley, and surrounded by unfriendly peasants. With no Tingo Maria base (65 miles and 20 minutes away by air) to fall back to or receive assistance from, they would have to rely on emergency help from Lima (240 miles away, over the Andes, and requiring an hour and twenty minutes to reach by air). In effect, they view the current plan as an "all eggs in one basket" concept that poses unacceptable safety and security risks. DEA feelings of insecurity are not lessened by the fact that the security specialist for the forward base camp is being provided to the State Department by Wackenhut.

Ambassador Watson said he has approached anti-narcotics efforts in Peru with a consistent bias in favor of using U.S. civilian over active duty military personnel. This approach, he added, is partially a reflection of extreme sensitivities among Peruvian officials regarding the presence of any uniformed U.S. military people in Peru. As an example, he mentioned a one-and-one-half hour meeting with a senior Peruvian official (who has generally been most accommodating to U.S. requests), where the latter refused to allow a U.S. Special Forces medic to assist the DEA/GC in interdiction operations.

Regarding Snowcap, the Ambassador seemed to have some ambivalent feelings. He indicated that he doesn't think what DEA is doing is para-military, although he concedes that the presence of the SL in the UHV brings a military dimension to our anti-narcotics operations being conducted there. He explained that until the incident in early February (where two helicopters were shot up by people with automatic weapons, injuring some GC in the process), he had accepted the risks to DEA and other U.S. personnel involved in Snowcap operations. While this incident, and the growing SL threat he believes it reflects, prompted him to temporarily suspend operations in the UHV and re-think the risks question, he still indicated that he feels the risk is worth it and that such joint operations ought to continue.

He added that if we don't do such operations there will be none at all, but also said that he couldn't say how effective they are, since it was only as of November, 1988 that they got enough helicopters in-country to make a difference; and, with the rainy season following hard on the heels, there hasn't been enough time to see what results they can bring. He said that, in connection with Snowcap operations, he does not want more resources than they can effectively use. He prefers to build things up one step at a time, in a sustainable way, and thus he scaled back the original plan, which called for a total of 12 helicopters to be in-country at this time.

Embassy officials have reached a consensus estimate that in excess of $200 million annually will be needed to support a comprehensive, effective anti-narcotics campaign in Peru.

PERU -- UPDATE TRIP

Observations

As a result of the 3/22/89 incident in the UHV town of Uchiza, where a combined force of two hundred or more SL guerrillas and narco-traffickers attacked the local police headquarters and wiped out the entire garrison (in response, according to U.S. officials, to purported double dealing on the part of corrupt anti-narcotics police at the site), the Peruvian government in April created a new Emergency Zone in this area. In charge of this new emergency zone is General Arciniega, who was ordered to do whatever necessary to break the link between the SL and traffickers, so as to isolate and destroy the former.

General Arciniega's efforts in response to these orders are well regarded by most Peruvians and have reportedly resulted in some significant successes against SL guerrilla forces. At the same time, however, some of the General's actions have greatly concerned those U.S. and Peruvian officials most involved in the anti-narcotics area. Foremost, for example, the General has indicated that he will not go after peasants involved with coca cultivation, since he regards their cooperation and support as essential in order for him to locate SL forces. Because he is in charge of the emergency zone, this policy is binding on others operating in the area, including the anti-narcotics police and their U.S. supporters. What this could mean is that for the time being a primary joint U.S./Peruvian anti-narcotics objective -- coca eradication in the UHV -- may not be pursued at all, or as actively as it had been previously.

Of even greater concern to some is the possibility that General Arciniega is allowing some narco-traffickers to continue to operate in Uchiza, where his headquarters is situated. While the situation is by no means clear, the General has on occasion said that Uchiza is off-limits to any anti-narcotics operations and alleged trafficker planes have been observed flying in and out of its airfield on a regular basis in recent months. It should be noted, however, that the General is also on record as having said that he has no objection to operations against the traffickers anywhere else in the UHV.

In sum, there are significant differences between General Arciniega (and the Peruvian military and civilian leaders who support him) and the anti-narcotics police (General Zarate) and their allies within the U.S. Embassy. Until just recently, the need to confront this potentially difficult situation has not arisen because joint U.S./Peruvian anti-narcotics operations in the UHV have remained idle since they were suspended last February. However, with the start-up of such operations in mid-September, this issue will come to the forefront since, for example, both General Zarate and DEA officials have said that interdiction operations should be conducted against all traffickers in the UHV regardless of where they are (including Uchiza).

It is not clear what U.S. officials intend to do about General Arciniega's effective freeze on coca eradication operations. Promising preliminary results have been reported in connection with a small-scale test this past March, which involved the aerial application of the herbicide, "spike," on several coca fields in the UHV. During our UHV field trip, we stopped at the test site and saw that the herbicide had indeed devastated the coca bushes, without apparent harm to other grassy plants and vegetation. Peruvian scientists who accompanied us said that further analysis of soil samples over the next few months will provide more essential information on any longer term effects. They also emphasized that a more extensive test should be done before any final decisions are made on conducting a large-scale spraying program.

U.S. Anti-Narcotics Efforts

U.S. anti-narcotics efforts since our 2/89 trip have focused almost entirely on the complicated task of completing construction and hardening the defenses of the Santa Lucia base camp. During our visit to Santa Lucia, significant progress in this regard could be readily seen:

-- sandbag revetments had been placed around key buildings, the helicopter landing pads, and along the base's perimeter;

-- a handful of guardtowers had been constructed; and,

-- the landing strip runway was a matter of just a few weeks away from being sufficiently ready to use (partly due to the damming up of a portion of the adjacent river, in order to obtain gravel needed to enable the runway to withstand the effects of the rainy season).

By-and-large, according to U.S. site officials (former Special Forces and others contracted by the NAU), the facility as we saw it was sufficiently ready to warrant the anticipated lifting of the suspension in anti-drug operations in the UHV that had been in effect since February.

However, we observed, and these officials agreed, that some important things still need to be done; e.g., a number of the camp's buildings, which are presently situated within a matter of a few feet from structures of an adjacent palm oil plantation, need to be moved in order to reduce the possibility of acts of sabotage or harassment (tossing a stick of dynamite over the perimeter fence). The site supervisor said that this is scheduled to be done within the next three to six months.

Notwithstanding the progress made in securing the base camp at Santa Lucia, several matters of potential concern also came to our attention:

-- during our tour of Santa Lucia and Tingo Maria, the NAU coordinator in charge of U.S. activities in the UHV told the staff that the one thing we could do for him is to "get DEA out of the Valley." During another question and answer exchange in front of more than a half-dozen U.S. and Peruvian officials, this same individual maligned DEA's ability to work with local police and naval forces on anti-drug riverine operations.

-- even though U.S. and Peruvian officials unanimously agreed that the 2/89 standdown in anti-drug operations in the UHV was necessary and appropriate, almost all of these officials were very dissatisfied with what they regard as an unjustified delay in recommencing these operations. DEA, NAU, and Peruvian police representatives said that they have been trying to get approval to start up eradication and interdiction operations since April. All of them emphasized that the continuing delay in this respect has: lowered the morale of anti-narcotics police and crop eradication personnel; substantially benefited the narco-traffickers and the SL; and, raised serious doubts in the minds of some key Peruvian officials about the extent and steadfastness of our commitment to our own anti-drug programs.

We were unable to determine precisely who was responsible for this delay and what reasons they may have had for their decision. However, the information we did obtain suggests that the State Department's Bureau of Diplomatic Security -- a comparatively obscure office as far as drug issues are concerned -- has played a key and, perhaps, even controlling role in this regard. Among their apparent concerns is that at some point, if we continue to support anti-drug operations in the UHV as we have in the past, U.S. personnel are going to be injured or killed. DEA and NAU acknowledge these concerns, but argue that there has been and always will be some risks involved in conducting these operations. They further emphasized that these risks are acceptable to them and their personnel and that the hardening of the Santa Lucia base camp and other improvements (e.g., arming the helicopters used in the UHV) have helped to significantly reduce the level of risk.

BOLIVIA -- INITIAL TRIP

Observations

One major issue -- a proposal to involve U.S. Special Forces in Snowcap operations and make DEA subordinate to the Special Forces in this regard -- surfaced at the outset of our visit and was the dominant focal point of our meetings and discussions with U.S. personnel throughout the five days we were in-country. Ambassador Gelbard (who, at the time of our visit was in Washington discussing this very proposal) and other key Embassy officials appeared to have concluded that the joint DEA/UMOPAR Snowcap operations -- i.e., air-mobile search and destroy missions against drug labs -- are para-military both in concept and in terms of the environment in which they take place. They also appear to believe that DEA is not suited to do the job, even with the jungle warfare and related specialized training they have received from U.S. armed forces experts.

Supporters of this proposal said that it comes as a result of problems with the length of the average DEA agents' 90-day TDY tour, the performance of the TDY personnel, and their lack of adequate leadership, organizational, and operational planning skills. They said that in several instances DEA TDY personnel had behaved improperly and placed themselves and accompanying UMOPAR forces in undue jeopardy. For example, during an incident involving an angry mob of campesinos, the DEA personnel present were not proficient enough in Spanish to be able to communicate effectively. As a result, Ambassador Gelbard has been required to send five of the DEA agents home before their tours were up. DEA is also criticized for focusing considerable personnel and resources on the bottom rung of the cocaine production process -- i.e., the maceration (pozo) pits, where coca leaf is transformed into coca paste -- because such efforts come down hardest on campesinos without having much impact upon the main operations of the traffickers.

Understandably, the DEA supervisory and field personnel we spoke with strongly oppose this proposal and disagree with most of the key points on which it is based. While they concede that major deficiencies have occurred in the selection and training of Snowcap TDY personnel, they look upon this primarily as normal start-up difficulties that are being and/or can be corrected. For example, a senior DEA official said that in his view DEA had made the mistake of focusing their early in-house Snowcap recruitment efforts on younger, more physically fit agents with no language facility, instead of older Spanish speaking agents. He believes DEA management did this because they thought that younger agents would be more capable of undergoing the rigorous jungle training that was considered to be essential for success in the field. He also said that efforts are now underway to address this situation, especially in terms of getting more Spanish speaking agents involved.

In the eyes of these DEA personnel, the joint DEA operations in Bolivia with the UMOPAR are viewed as "cop-to-cop" law enforcement activities. They note that DEA has been conducting -- albeit on a much smaller scale -- air-mobile-type operations since the early 1970s and thus they don't see anything particularly different in terms of their capability to do them effectively now. Moreover, they strongly dispute the view that the environment in those areas in which they are operating is that dangerous and, indeed, maintain that there is absolutely no evidence of any real or incipient insurgency in Bolivia, as there is, for example, in Peru.

They similarly reject one of the key ideas put forward in support of the concept of direct Special Forces involvement, i.e., to put out patrols for 10 days or more at a time. DEA people (some of whom are Vietnam veterans), point out that the narco-traffickers' awareness of what's going on around them, the extreme difficulty in locating clandestine labs, and the very vastness of some of the areas involved -- e.g., the Texas-sized Beni Region -- minimize the prospect for success in such undertakings.

Other problematic questions prompted by this proposal include:

-- what the reaction of the Bolivian government would be, especially in view of the strong political sensibilities left in the wake of Operation Blast Furnace;

-- what are the implications of having military people, who are trained to shoot and kill, participate in and be in charge of law enforcement activities that heretofore have essentially involved matters of seizure and arrest; and,

-- would a direct operational role by Special Forces violate the Single Convention of 1961, pursuant to which DEA has been the sole U.S. agency having operational anti-narcotics authority in foreign countries.

Bolivia's position as the second poorest country in the Western Hemisphere (behind Haiti) affects much of what it does in support of joint anti-narcotics efforts with the U.S. For example, large numbers of the 23,000 Bolivian miners laid off when the present government closed unprofitable mines in 1985 as part of an economic austerity program (the country was at that time running a 2,000% inflation rate per month and had just $10 million on hand in cash reserves), moved into the Chapare and became coca cultivators or got involved in some aspect of the cocaine industry. Out of Bolivia's estimated 5-6 million total population, there are now somewhere between 350,000 and 400,000 people in the Chapare; approximately half of whom are somehow involved with coca cultivation or the initial stages of cocaine processing.

In addition, it is important to note that there are some 37,000 registered cultivators in the Chapare, who are organized into a strong network of legal unions, i.e., 640 syndicates (consisting of as few as 25 and as many as 200 growers), which in turn combine into 55 "centrales" and ultimately into 6 federations. Hence, any major effort, such as largescale crop eradication, that would lead to or be seen as leading to a disruption of their livelihood, without a suitable alternative to help them survive, would very likely be strongly resisted.

The Bolivian government is keenly aware of this and has accordingly focused considerable attention on voluntary crop eradication efforts, the latter which have been organized around a $2,000 payment ($350 of it provided by the U.S.) for each hectare verified as having been taken out of production. Also, if the grower is able to show that he has a valid alternative crop development plan, he can receive as much as $5,000 in credit from the government. According to U.S. Narcotics Assistance Unit officials, while grower distrust of the voluntary eradication program remains high, some 3,500 of the 37,000 registered cultivators are participating. These 3,500 participants represent 200 of the 640 syndicates, 42 of the 55 centrales, and all 6 federations.

On the other hand, some criticisms of the program have also surfaced; for example, in the form of allegations that participating growers are cutting back on old fields or others already lying fallow, and are planting new fields elsewhere. Moreover, despite U.S. and Bolivian government efforts to assure the program's integrity, unsubstantiated rumors are circulating that government inspectors and other eradication officials are corrupt.

In July, 1988, the Bolivian Congress approved a new narcotics law, which provides for, among other things:

-- a traditional zone of coca production, in which 12,000 hectares of licit cultivation can take place to meet traditional demand;

-- a transitional zone of excess production subject to annual reduction benchmarks of 5,000 hectares initially, and up to 8,000 hectares ultimately;

-- an illegal zone comprised of all territory outside the traditional and transitional areas, in which coca cultivation is prohibited and existing cultivation is subject to obligatory eradication without compensation after a one-year grace period; and,

-- a specific prohibition against the use of chemicals, herbicides, biological agents and defoliants for the reduction or eradication of coca.

On December 29, 1988 Bolivian President Paz Estenssoro signed regulations implementing this new coca law. In addition to the provisions of the law noted above, the regulations stipulate that:

-- coca growers in the traditional and transitional zones must be registered by DIRECO (Bolivia's coca-reduction agency) and their holdings recorded to establish quantities of coca under production. Growers will have up to one year to have their fields measured and recorded, after which they will be subject to involuntary eradication without compensation;

-- any coca grown in defined illegal zones, coca seedbeds, coca associated with processing facilities or that grown under contract is illegal: and,

-- coca leaf destined for processing (coca paste, base or HCL) is illegal.

What effect the new Bolivian anti-narcotics law and implementing regulations will have remains to be seen. One immediate concern, however, is how much effective pressure the Bolivian government can bring to bear to enforce their key provisions.

The extensive corruption encountered in anti-narcotics efforts is viewed by some Bolivian and U.S. officials as another major consequence of underlying economic conditions. For example, the UMOPAR base commander at Chimore, acknowledged the problems he has in his unit but asked rhetorically if it is a question of corruption or a question of survival. He said that the amount of money his forces get is not enough for them to support their families.

The extent of the corruption problem was brought home to us when we talked with the U.S. Border Patrol personnel assigned to work with UMOPAR forces at the Paracti Checkpoint in the Chapare. They get tips from some UMOPAR police that, for example, the commanding officer of the checkpoint unit has been bribed to let a vehicle go through. They said that out of any seizure they make, some of the contraband will be re-sold by UMOPAR members.

They emphasized the point that as a result of the corruption factor and the associated problem of a lack of motivation among some UMOPAR police, virtually no seizure takes place without their literal presence. They explained, for instance, that if they are inside their building for whatever reason (a coffee-break, etc.), vehicles will typically be waived through by their UMOPAR compatriots. The U.S. agents will almost always seize something on an average day when they are present, but when they are away for a day or so, they will be told upon their return that no suspicious vehicles came through and that nothing was found on those vehicles that were checked.

They also believe that the Bolivian judicial officials assigned to the checkpoint to process those arrested are corrupt. Relatedly, we were later told that the joint DEA/UMOPAR riverine program was delayed and otherwise undermined by a corrupt Bolivian commanding officer (who was subsequently removed).

Another major theme expressed by both Bolivian and U.S. officials was a lack of adequate resources. The UMOPAR base commander at Chimore said that he was unable to conduct as many operations as he'd like to with the five small pick-up trucks currently available for the 280 police he has at his disposal. A senior DEA official observed that he has already put in for 40 (36 DEA, 4 Border Patrol) more Snowcap TDY personnel and firmly believes that there are many operational ways they can be productively utilized. Another DEA field supervisor pointed out that because of problems with the capability of the fixed-wing aircraft on hand to provide adequate logistical support, air-mobile helicopter operations in the Beni and Santa Cruz areas have often been limited to just a 100 mile radius from the operational base.

On the other hand, the Special Forces training detachment commander at Chimore pointed out that, while additional resources are needed and will help in increasing the potential for better results, he also thinks we have to be cautious in this regard because, in his view, the American tendency to throw more and more resources at a problem in hopes of solving it will not work in Bolivia. Indeed, he said that the drug problem from the source country perspective is "something that can't be won," and added that in a sense it's unfair that DEA "continually gets dinged" for not solving a problem that is "unsolvable."

U.S. Anti-Narcotics Efforts

As with Colombia and Peru, the U.S. anti-narcotics program in Bolivia is organized around interdiction and eradication activities. The intent is to cause maximum disruption to the trafficker market mechanism, in combination with crop eradication efforts, in order to bring down the price of coca leaf to below its cost of production; and, thereby force growers to abandon illicit coca production and embrace alternative development programs. To these ends, i.e., eradication and interdiction, the

State Department, through its narcotics assistance unit (NAU), provided $12,145,000 in 1987 and $15,000,000 in 1988 to the Government of Bolivia. NAU's 1989 budget is $10,000,000 -- $5 million less than 1988 -- through which it is supporting: 31 direct-hire, contract, and FSN employees; logistics/operations of Bolivian anti-narcotics ground (the 640-member UMOPAR police), air (a 60-member, 8-helicopter task force), and riverine (a 35-member, five-boat force) units; coca-reduction activities; and 20 TDY U.S. field advisors (12 DEA, 6 Border Patrol, and 2 Coast Guard).

Results of these efforts are generally disappointing. In the area of coca-reduction, between September, 1987 and January, 1989, slightly more than 2,600 out of Bolivia's total estimated coca cultivation of 40,000 hectares were voluntarily taken out of production. The net number of hectares under cultivation nonetheless has continued to expand. U.S. documents indicate that initial progress in this effort was substantially reduced as a result of violent confrontations between growers and UMOPAR forces in the Chapare, which occurred in June, 1988. This downturn in coca reduction has more lately been aided and abetted by campaign activity associated with the May, 1989 general election (in accordance with Bolivian election laws, the final outcome will not be decided until August, 1989~~). The~~ experience between September, 1987 and January, 1989, in combination with the factors described above, make it highly unlikely that the 1989 objective of 5,000 to 8,000 hectares of voluntary reduction will be realized. Moreover, this immediate objective and the program's longer term prospects are clouded by the questions regarding its management and implementation, which have been described above.

An interesting aspect of the above situation was brought to our attention by a Bolivian official involved with the government's voluntary coca-reduction program. This official explained that the violent confrontation last June mentioned above was prompted because the campesinos had discovered that a secret test of a coca herbicide was being conducted in the Chapare. Herbicide use is expressly forbidden by Bolivian law and apparently this secret test was initiated without the knowledge or approval of Bolivian authorities. Follow-up conversations with DEA and NAU officials suggest that the test was instigated by a U.S. official. This latter individual admitted that when the test was discovered, he thought he'd be kicked out of the country. He wasn't, but he and the local Bolivian official with whom he'd worked were "castigated" by the Minister of Agriculture.

According to DEA officials, the Bolivian Government has been under very strong, continuous pressure from the U.S. Ambassador to do more in the area of eradication, despite the fact that such increased efforts might ultimately lead to civil unrest and the growth of an insurgency movement. Bolivian military and/or law enforcement authorities do not have the resources or trained personnel to handle a major outbreak of public disorder or a guerrilla threat.

In the area of interdiction (i.e., Snowcap), DEA reported the following statistics:

SEIZURE STATISTICS AS REPORTED BY DEA

NARCOTICS	1989 YTD (JAN. 31)	1988 AND 1987 TOTALS
Cocaine HCL (KG)	7.78	206 --- 148
Cocaine Base (KG)	13.63	1,341 --- 1,999
Cocaine Paste (KG)	1,259.17	8,163 --- 4,277
Marijuana (KG)	3.24	2,056 --- 6
LABORATORIES		
HCL	0	24 --- 8
Base	0	21 --- 18
Paste/Pit	829	3,542 --- 1,112
Arrests	29	509 --- 904
EQUIPMENT		
Aircraft	0	11 --- 4
Trucks	0	16 --- 11
Jeeps/Cars	1	17 --- 12
CHEMICALS: 55-gallon barrel equivalents (at 208.2 L/B)		
Ether (B)	0	105 --- 260
Acetone (B)	0	290 --- 12
Sulfuric Acid (B)	4.86	150 --- 54
Bicarbonate (KG)	2,071	15,151 --- 4,216

In discussing these largely disappointing results, those with whom we talked pointed out that the present coca-reduction and interdiction campaigns are of recent vintage (i.e., 1987) and therefore are subject to the kind of routine start-up difficulties typically encountered in such situations. It is assumed that achieving more in the way of substantive results will depend primarily on the extent to which these initial problems are successfully addressed and resolved.

On the other hand, some suggest that the disappointing results thus far reflect more fundamental problems. For example, according to the U.S. Special Forces training detachment commander, the biggest problem he sees in Snowcap operations is that no one's in charge. Likewise, a senior DEA official agreed that State (the NAU), DEA, and the Special Forces don't work together and are often in conflict. Regarding this point, DEA agents at the Chimore base said that their operational capability would be significantly increased if they could share in the Special Forces' communications net -- something which at the time of our visit they had not been able to work out. Similarly, and in part reflecting this no-one's-in-charge problem, there are difficulties with coordination, as indicated by one senior DEA agent in La Paz who said that while he'd heard that some sort of a new drug-related intelligence program was underway in the Embassy, he and other high level DEA people didn't know anything more about it than the fact that it exists.

BOLIVIA -- UPDATE TRIP

Observations

Since our previous visit, major policy and personnel changes within our Embassy and the peaceful transfer of power from outgoing President Victor Paz Estenssoro to newly elected President Jaime Paz Zamora and his coalition "government of national unity" have taken place. In the wake of these events, we found among the U.S. and Bolivian officials we spoke with an overall feeling of optimism and hope that a new and promising era in the anti-drug effort is dawning; words to the effect, "we can make a difference," were heard from U.S. and Bolivian officials alike.

Regarding the new government's evolving approach to drug issues, Ambassador Gelbard said that he has been impressed with President Paz Zamora's initial statements and even more encouraged by some of his key drug-related appointments; e.g., the naming of an expert on the Chapare and coca-related agricultural issues and former AID contract employee to be the Sub-secretary for Alternative Development (the office in the Ministry of Agriculture responsible for coca eradication and crop substitution programs). Ambassador Gelbard added that he is further encouraged by the fact that he has known for many years other Zamora Administration appointees in key positions having some actual or potential drug-related role, such as the new Minister of Defense.

Even at this comparatively early stage in the new Administration, Bolivian officials have indicated that they are in agreement with some important U.S. goals. For example, assurances have been given that the Government is already at work developing plans on how to increase the military's anti-drug role. In accordance with such a prospective expansion of Bolivian military support for anti-drug efforts, Ambassador Gelbard said he intends to ask for significantly increased U.S. military assistance from the present level of $5 million.

On the critical and highly controversial issue of coca eradication -- a primary U.S. requirement, on which large sums of aid are conditioned -- Embassy officials appeared to be more hopeful than optimistic. On the one hand, officials in the new Administration have said that they intend to continue the implementation of existing laws, which call for both voluntary and forced eradication. On the other hand, both U.S. and Bolivian officials are well aware of the very real problems -- e.g., potential unrest among coca cultivators, many of whom are well organized into powerful unions -- that could severely limit the government's prospect's in this regard.

The newly-installed Bolivian officials we spoke with were similarly optimistic and/or hopeful about their government's prospects in the anti-drug area. Both officials mentioned a newly created Joint Ministerial Council Against Drugs as an example of a promising development. This Council, consisting of representatives of all agencies with drug-related missions, will oversee and coordinate the new regime's overall anti-drug effort.

The new sub-secretary for Alternative Development said that he is aware that past crop eradication and substitution plans have not worked either at all or as well as expected because the campesinos were not adequately involved in their development. One of his first tasks, he added, will be to ensure that they are involved in any such efforts undertaken by the new government.

While reiterating concerns heard from U.S. sources regarding the care that will need to be exercised in connection with any forced eradication activities, the Sub-secretary said that a possible early target for an undertaking of this type lies in the illegal coca cultivation taking place in the Isiboro National Park. This park is located amidst the heavy coca growing and trafficking areas in the Chapare and Beni regions. Its specific purpose is to serve as a sanctuary for flora and fauna, the latter which are being destroyed by the coca cultivation taking place. Coca growers operating in the Park are also in violation of other legal requirements, such as the one that stipulates that only aboriginal people can live and work there.

The other sub-secretary with who we spoke, as the person in charge of the government's interdiction activities, indicated that he intends to focus considerable effort and resources on improving the performance of the UMOPAR. In addition to seeking better pay and benefits for them, he said that he will fight corruption within their ranks with every means at his disposal. He pointed out that he has already attempted to send a message in this regard by prosecuting two UMOPAR officers accused of corrupt acts. The Sub-secretary also mentioned that he has already spoken with the new Defense Minister about ways they can work together. He cited the specific possibility of including elements of the Army's elite "Condor" unit in joint operations with the UMOPAR.

U.S. Anti-Narcotics Efforts

Promising developments within the U.S. Embassy include:

-- corresponding with the arrival of the new country attache, DEA has developed and is implementing a new strategy that departs markedly from that which we saw in operation last March. For example, rather than having joint DEA/UMOPAR efforts focus on the destruction of "pozos" (maceration pits where coca leaves are transformed into coca paste, the first stage in the three-stage cocaine production process), the new strategy is concentrated on specific narco-trafficker groups -- their members, operations, facilities (e.g., labs and airstrips), and assets.

This is a highly significant change, if only because it takes the anti-narcotics forces out of the initial stages in the cocaine production cycle in which the largest numbers of campesinos are involved. During our prior trip, many of those with whom we spoke argued against such efforts, pointing out that it was counter-productive to go after the "little guy," who is for the most part simply eking out a subsistence level existence. The new focus also helps to make better use of available helicopter "blade time," since the choppers don't simply fly around looking for targets as was commonly done when pozos were the priority.

-- again corresponding to recent personnel changes, cooperation has improved dramatically among the key agency representatives serving in anti-drug positions. This was most notable at the Chimore base camp in the Chapare, where present DEA and Special Forces elements are working together on a cooperative basis that was completely absent last March. For example, in contrast to his predecessor's denial of a DEA request to share certain communications equipment to fill an important gap in its capabilities, the present Special Forces commander has responded favorably to the same request. In the same vein, we were told that cross-training -- i.e., training of DEA personnel in Special Forces areas of expertise and vice versa -- which was not being done last March is now taking place regularly.

-- pursuant to a decision by Ambassador Gelbard, which constitutes a significant departure from the rules of engagement described to us previously, Special Forces medics and communications personnel are now accompanying DEA/UMOPAR forces on interdiction operations to provide the assistance in their respective areas of expertise. According to the DEA Country Attache, these Special Forces personnel are acting solely in a support capacity and are expressly prohibited from "getting out front" on an assault or operation. Typically, they stay with the helicopter or vehicle some distance from the target until it has been secured. Some U.S. officials would like to see a further relaxation in the rules of engagement to permit Special Forces to accompany UMOPAR forces on the final field exercise conducted in connection with the Special Forces training program. This change is being considered, but no decision had been reached at the time of our visit.

Along these lines, it is also important to note that U.S. officials indicated that the plan brought to our attention in March, which called for replacing DEA Snowcap personnel in Bolivia with U.S. Special Forces "green suiters," is not being pursued at this time. Among the reasons cited for this is the quality of the DEA personnel that have been assigned to Snowcap Operations most recently. Ambassador Gelbard also said that he is pursuing with DEA headquarters officials the idea of extending the typical tour for Snowcap personnel from the current 90 to a minimum of 180 days. This same recommendation was also made by a ranking UMOPAR officer at the Chimore base camp.

Of critical potential importance to future anti-drug efforts in Bolivia (as well as in Peru and Colombia), much more mention was made by the Ambassador and other U.S. officials regarding the need to approach the problems of coca cultivation and cocaine processing and trafficking in a comprehensive, integrated manner. In contrast to what we heard in March, which focused almost entirely on eradication and interdiction, on this trip we distinctly heard an additional component, i.e., development. In two separate meetings, for example, Ambassador Gelbard made strikingly similar statements to the effect that the drug problem in Bolivia is "fundamentally, but not completely, a development issue." To this end, he has forwarded a detailed plan to Washington, calling for a total package of $500 million in development assistance (half for the Chapare and half for the rest of Bolivia) to be spent over a five-year period.

The Ambassador and other U.S., as well as Bolivian, officials said that for meaningful progress to be made there must be a sustained, coordinated effort involving interdiction, eradication, and development. They emphasized that in order for coca registration and associated crop substitution programs to work, there must be a strong, effective parallel interdiction effort aimed at getting the price of coca leaf down to a level where the farmer will find it in his interest to seek out the alternatives available to him.

The full extent of this inter-connected "triad" concept became more apparent as we toured AID's experimental farm in the Chapare, La Jota. At this impressive agricultural facility, 40 scientists and 10 day laborers are trying to develop ways to keep farmers on the land where coca is presently being grown. At the same time as the La Jota scientists are assessing the possibilities of various types of alternative crops -- black pepper plants, macadamia nuts, coffee and citrus trees, ornamental plants, and combinations thereof -- they are also administering key parts of the related, U.S.-supported coca crop registration and substitution program in the Chapare. Regarding the latter, they are processing long-term agricultural loan requests for farmers who have met requirements to take a certain amount of coca producing land out of production in return for a lump sum payment and access to this program.

Finally, along these lines, strikingly similar comments were made by U.S. officials, Bolivian government sources and campesino (coca grower) union representatives regarding two basic factors on which long-term Bolivian economic prospects and associated anti-narcotics efforts will directly and/or indirectly depend: markets for alternative crops and debt reduction. While there certainly are many other important factors that will have to be considered in connection with Bolivia's future course in these areas, these three diverse groups have come to the same essential conclusion that those are two major items that must be part of any upcoming overall anti-drug strategy.

Despite these positive notes, there remain many formidable and lingering problems facing the U.S.-Bolivian anti-narcotics effort. For example:

-- in a seemingly classic example of bureaucratic bungling, the airstrip runway at the Chimore base camp remains unfinished, long after it should have been completed. The primary reason for this delay is that the amount of land purchased to be used for the runway was not sufficient enough to accomodate the larger aircraft in our inventory. Thus, virtually all personnel and logistics still must be brought in by vehicles or helicopters (which in the case of the latter takes away time that should otherwise be allocated to its primary interdiction mission). It remains unclear if additional, usable land can be found so that the runway can be completed.

-- at the Chimore base camp, a VIP visitors' quarters has been constructed with the use of appropriated funds, causing some dissension among U.S. TDY personnel who apparently do not have access to it even though it is unoccupied most of the time and their billeting may be overcrowded.

-- incidents of corruption continue to occur, some of which even place the lives of U.S. personnel in danger. For example, we were told that in a recent operation against a "stash" house in a small town controlled by the narco-traffickers, two UMOPAR were observed by the informant accepting bribes, in return for which they let the two Colombians they were guarding escape. In the few minutes it took for the DEA agents to discover what had happened, hundreds of people had already begun to surround the house, because it was their coca paste that was stashed inside and, as is often the case, they had not yet been paid. While the DEA/UMOPAR team was able to extricate itself from this potentially dangerous situation, the DEA agents still had to subsequently deal with the UMOPAR commanding officer, who was incensed that the DEA agents had insisted that the suspect policemen be searched, whereupon some $500 in Bolivian currency (more than a year's salary) was found on their persons. At the time of the actual search, the commander's deputy intially returned the money to the offenders, saying that he could not prove that it was that which had been given to them by the Colombians. The DEA personnel disagree and are persisting in having the incident investigated, regardless of the base commander's sentiments.

In another incident involving grave danger to U.S. and Bolivian anti-narcotics forces, during a nighttime raid into a narco-trafficker stronghold in the Beni region, Bolivian Navy personnel fired on the former. It is not known for certain whether this action on the part of the Navy personnel was a matter of corruption or ineptitude and although these individuals have been punished, the fact remains that these kinds of incidents are a constant reminder of the precarious circumstances in which DEA/UMOPAR forces often have to operate.

-- crop eradication and substitution programs, while promising (as noted above), continue to experience significant problems. For example, allegations continue to surface concerning inept and/or corrupt management by government officials and misconduct on the part of farmers who seek to take advantage of the program by removing some fields from production, while at the same time starting new ones elsewhere. That there is at least some truth to these allegations was underscored by the fact that some 30 or so DIRECO field personnel (out of a total of 160) have been terminated over the past year for "questionable actions."

Optimism regarding crop eradication and substitution also has to be tempered by the fact that some of the key alternative crops being considered for the Chapare, e.g., macadamia nuts, take many years to come on line (in the case of the macadamia nut, five or more). In addition, since some of these crops are entirely new to Bolivia, no domestic or international markets for them exist presently, nor is there necessarily an adequate infrastructure in place to get the crops to prospective markets.

PANAMA -- INITIAL TRIP

Observations

In visiting SOUTHCOM, we hoped to get a better idea of: what DoD is doing in the anti-narcotics area in South America; what if any additional actions officials think DoD can do in this regard; and, SOUTHCOM's views on Ambassador Gelbard's proposal to involve U.S. Special Forces personnel in anti-drug operations in Bolivia.

SOUTHCOM has a Counter-Drug Task Force comprised of representatives from the various armed services and others with specialized military missions, such as the Special Forces. At the time of our visit, none of the Task Force members are dedicated to counter-drug efforts 100% of the time and those with whom we spoke said that such a dedicated effort is needed.

Essentially, SOUTHCOM's anti-narcotics role in South America and the Andean Region has involved providing, at the request of the respective U.S. Ambassador, training, advice, and equipment to host-country governments. According to SOUTHCOM officials, DoD's role is restricted by law and policy to these support functions and, in accordance with Economy Act requirements, any assistance provided is on a cost-reimbursable basis. No direct participation by U.S. armed forces personnel is permitted and the Joint Chiefs of Staff (JCS) maintains strict control over this policy via, for example, monthly status reports showing precisely where DoD personnel are operating. The JCS, moreover, requires that any request regarding one of the major training vehicles DoD has at its disposal -- MTTs (mobile training teams), DFTs (deployments for training), and site or other kinds of surveys -- be submitted through channels (from the Ambassador to SOUTHCOM to JCS) for approval.

In recent years, SOUTHCOM has responded to a number of requests from the Ambassadors of Bolivia and Peru to conduct surveys -- e.g., in connection with forward base facilities in Peru at Tingo Maria and Santa Lucia -- and to provide MTTs -- e.g., the Special Forces A-Team detachment assigned to train Bolivian UMOPAR police at Chimore. According to SOUTHCOM, no survey team or MTT member has come under fire in the course of carrying our their responsibilities in Peru and Bolivia. Nevertheless, there have been a number of casualties, although these have all been due to accidents or equipment mulfunctions.

Regarding the Gelbard proposal, SOUTHCOM officials said that they do not believe that such a role can be justified in terms of the 1989 Defense Authorization Act provisions that gave DoD the mission of detection and monitoring. While they further understand that any such decision will have to be made in Washington, there was general agreement that they do not want to see U.S. armed forces jumping out of helicopters in the course of anti-narcotics interdiction operations. This view was also expressed by the commander of the Special Forces units attached to SOUTHCOM. As part of the consensus expressed in opposition to the proposed operational role on the part of U.S. armed forces, there was general agreement that any such expanded U.S. military involvement runs a major risk of inciting anti-U.S. sentiment and making things decidedly worse for the host-country governments.

The officials with whom we spoke pointed out a number of problems they've observed in connection with their support of Snowcap operations, including:

-- no one's in charge; competition among involved agencies;

-- DEA Snowcap TDY personnel (according to a Navy officer who was sent to Bolivia to assist in the development of riverine operations) are not getting adequate language, cultural, and operational training. Reflecting these deficits, he observed DEA personnel failing to follow proper procedures to maintain operational security, failing to establish good rapport with their UMOPAR counterparts, and having an inadequate command of Spanish and corresponding understanding of the cultural climate in which they were operating.

-- too few resources are being devoted to anti-narcotics efforts in South America in general, as well as additional possible DoD support to such efforts in particular; and

-- there's no integrated/comprehensive regional plan and, therefore, anti-narcotics efforts are being done on a piecemeal country-by-country basis. They've asked both DEA and State for such a regional strategy, but have not gotten it. SOUTHCOM's Director, J-2, emphasized that the one message he wanted us to take back to Washington is that we still need to figure out where we're going in the war on drugs at an overall strategic level.

In the area of what more they can do in support of our anti-narcotics efforts in South America, they mentioned the following:

-- developing a "systems approach" in support of the training we provide for host-country anti-narcotics forces. Communications equipment, boats, helicopters and wheeled vehicles need to be procured in a coordinated manner by someone with full knowledge of the specific program requirements involved and better arrangements have to be made to get this equipment to where it is needed.

-- expanded support for intelligence efforts, especially in the area of training U.S. and host-country personnel in all-source analysis of tactical intelligence (what they have observed is not a lack of intelligence data, but a lack of a capability to analyze it in a timely way so it can be used; and,

-- encourage and facilitate better working relationships in the anti-narcotics area between host-country military and law enforcement authorities.

CONCLUSIONS -- INITIAL TRIP

Based on what we saw (terrain, facilities, and equipment), the interdiction operations which we observed, and the discussions we had with U.S. and host-country officials, there is little cause to be hopeful about accomplishing much from our current source country anti-narcotics efforts. The extent of the problems we face in this regard are staggering. Consider, for example:

-- the governments and people of Colombia, Peru, and Bolivia are and will continue to be necessarily preoccupied with issues (major insurgencies, extreme economic crises, and political instability) of far greater import to their countries than drugs;

-- the literal geographic vastness, remoteness, and cross-border nature of the areas in which cultivation, processing, and trafficking take place;

-- political and underlying economic realities that make it highly improbable that measures with great immediate potential -- e.g., aerial herbicide spraying, direct involvement of U.S. military forces, etc. -- will ever be acceptable to the concerned host-country governments;

-- the inherent nature of our efforts, i.e., that we essentially have to get untrained, ill-equipped, and often unmotivated local anti-narcotics forces to do the oftentimes sophisticated tasks involved in interdiction and eradication activities;

-- the inherent limitations on the use of deadly force by either U.S. military or DEA personnel against traffickers; and,

-- the extremely disruptive effects -- e.g., significant delays in forward base construction, a dimunition of operational capability and effectiveness owing to problems with communications, intelligence, and logistical support -- stemming from problems of cooperation/coordination in the management, planning, and implementation of our policies and programs.

With these constraints in mind, there appear to be a limited number of viable options for us to pursue with regard to the Andean countries. One option would be to continue to do much of what we have been doing bilaterally in Colombia, Peru, and Bolivia, but to do so in a much more efficient and effective manner than we have thus far. Specifically, for example, we need to:

-- develop an overall strategic plan for the Andean region, along with comprehensive, detailed individual country anti-narcotics plans that are fully coordinated with the former;

-- substantially increase -- by applying the strongest possible pressure on the involved U.S. agencies, if it comes to that -- the amount of cooperation between and among them in support of these source-country anti-drug efforts;

-- eliminate, suspend, and/or modify policies/programs that have proven to be counter-productive: e.g., restrictions on military assistance tied to Brooks/Alexander debt repayment requirements; Foreign Assistance Act drug certification requirements; and, the State Department preoccupation with crop eradication.

-- increase or otherwise adjust the training of DEA TDY personnel to correct language deficits, assure a higher level of cross-cultural awareness, and inculcate a fuller understanding of the need for constant operational and personal security. Continuous consideration should be given to improving key DEA operational capabilities, such as by expanding the 90-day TDY tour into ones of longer duration. (To this end, DEA is apparently looking into the idea of establishing some kind of a "foreign service" corps.)

-- require the U.S. military to increase the amount of logistical, training, and other forms of assistance in support of our source-country efforts;

-- monitor the status of recently initiated efforts to assure that heretofore reluctant players in the anti-drug arena -- namely, CIA and NSA -- do in fact begin to make a significant contribution in the area of improving the quality and timeliness of drug-related tactical and strategic intelligence;

-- provide additional resources for interdiction operations, money laundering investigations, and asset forfeiture/seizure programs. Additional resources in these or other areas should be carefully justified on a case-by-case basis so that we avoid crossing over the line where we begin to simply throw more and more money into such efforts in hopes that commensurate results will be forthcoming.

—Another option that should be considered is for the U.S. to significantly expand its efforts to promote regional multilateral and/or international anti-narcotics programs for source countries. This is particularly important in view of Europe's growing cocaine problem and corresponding official interest in supporting joint efforts aimed at reducing source-country coca production. Multilateral efforts are critically important if only because they may render possible measures that otherwise would be politically impossible -- e.g., aerial herbicide spraying -- which at this point appear to be totally out of the question in bilateral terms. Similarly, whereby any direct U.S. armed forces involvement in source country anti-narcotics activities is generally regarded as unacceptable, a regional anti-narcotics armed force might be viewed more favorably by the concerned source country governments.

CONCLUSIONS -- UPDATE TRIP

There is some reason to be hopeful about recent anti-narcotics efforts in Colombia, Peru, and Bolivia:

-- the promising developments noted in Bolivia -- the installation of the Paz Zamora "government of national unity" and the key personnel and related policy changes in the U.S. Embassy; and,

-- the recent release of the President's National Drug Control Strategy and the Andean country proposals contained therein; (which, among other things, calls for significant increases in anti-narcotics funding.)

On the other hand, if we intend to pursue anti-narcotics efforts in a meaningful way, we must be prepared to expend the necessary energy and resources and be steadfast in our commitment regardless of the very real risks involved. Specifically, for example, we cannot as we have been doing in recent years try to fight the drug war in source countries "on the cheap", expecting hard-pressed and poor countries to produce large results from small expenditures. For example, Ambassador Gelbard pointed out that in 1988 alone Costa Rica received $90 million in U.S. economic support fund assistance, substantially more than the $22.5 million Bolivia -- the second poorest country in Latin America -- received from 1934-1988! Moreover, official State Department figures show that during this same five-year timeframe, Bolivia received a total of only $35.6 million in direct anti-narcotics assistance.

We must recognize that as we expand U.S. anti-narcotics programs in these countries, there will be a strong likelihood that U.S. personnel operating in Colombia, Peru, and Bolivia will suffer casualties in connection with carrying our their anti-drug missions. Indeed, U.S. officials stressed that as our efforts begin to severely impact on the traffickers and their allies, the latter will be increasingly likely to respond accordingly. These same officials also emphasized the point that no forward operations base, such as the one at Santa Lucia, can ever be made 100% secure against attack and that, in their view, the U.S. government and the American people should realize that the risks posed by this intrinsic vulnerability are an acceptable and unavoidable part of our commitment.

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Senate Permanent Subcommittee
on Investigations

EXHIBIT # 17

EMBAJADA DE BOLIVIA
WASHINGTON, D. C. 20008

SUMMARY OF THE LAW ON THE REGULATION OF COCA AND CONTROLLED SUBSTANCES

After two years of debate in the Bolivian Congress, a consensus has been reached which has resulted in a major piece of legislation known as the Law on the Regulation of Coca and Controlled Substances (LRCSC). This body of law is comprehensive in nature and encompasses 149 Articles of law and eight Titles and Transitional Articles. It is widely believed to be the most forceful and ambitious body of law to be enacted by any Latin American government to deal with the problem of the illicit traffic in narcotics.

The following is a summary of some of its major provisions.

This law is regarded as the first legislative attempt to address the production of coca plants as a means of combating the narcotics traffic.

The law establishes a legal difference between coca in its natural state, which does not itself produce health and social ill effects, and coca inter criminis which, through the chemical transformation isolates the alkaloid, cocaine, which in turn produces psycho-physiological and biological effects considered to be deleterious to the health and well-being of a society.

LRCSC provides for the legal disposition of production, consumption and distribution of the coca plant throughout the country. It proscribes the possession of coca leaves which is not intended for lawful or traditional use.

The law establishes three physical coca production zones:

- the traditional zone where coca may legally be grown under strict control by the government;
- the transitional zone of excess production where coca has in recent years been cultivated, and
- the illicit production zones, where the Congress has determined that only illicit production takes place and where existing plantations will be forcibly eradicated without compensatiohn therefor.

The legislative history of LRCSC reveals that one of the determinative factors in providing for the various zones was the alkaloid level of the coca plant. The higher the alkaloid level the less attractive it becomes for the traditional uses and the more attractive it becomes for transformation into illicit forms. The zones where the coca plants with the higher alkaloid content are grown have come to be dominated by the illicit production of coca. Thus, a differing legal status is attributed to the zones in accordance with their capacity to support illicit production.

COCA PRODUCTION REGISTRATION AND ERADICATION

The LRCSC provides that the production, commercialization and circulation of coca shall be subjected to special regulation and coca producers in the permitted zones will be required to register such use of their lands. The law further provides that no authorization will be granted for increased production and it empowers the Armed Forces to eradicate any new or unauthorized crops.

The law allows for only 12,000 hectares of coca crops to be grown in the traditional production zone for legal consumption and medical and cultural uses.

The production of coca which has been determined to be excessive shall be eradicated voluntarily and gradually as the national resources permit. The minimum quota for voluntary eradication has been set at 5,000 hectares annually. This quota may be raised when and if the funds are available for the crop development and substsitution program which LRCSC requires as a prerequisite to eradication of coca crops in the transitional zone.

One of the principal features of the regulatory scheme for the cultivation of coca is the mandatory registration by farmers of lands to be used for the production of coca. Initially only two zones will be permitted to produce coca: the legal growing (traditional) zone and the transitional zone.

It is believed that by requiring registration of all lands where coca is legally cultivated, the emergency of new (unauthorized) cultivation areas will be easily detected thus lending efficacy to the voluntary eradication programs.

All farmers who fail to register their lands shall be fined and their coca crops shall be declared illegal even if they are within the traditional or transitional zones established by this law.

Where the law refers to alternate development and the substitution or eradication of the coca crops, it places emphasis on planning so that the producer can make a gradual transition to new farm products and away from dependence on his coca production.

CONTROLLED SUBSTANCES

The law defines controlled substances broadly; it includes all dangerous substances or substances which have been registered as controlled substances with the government, pharmacological, natural or synthetic drugs and all substances which produce toxic effects and threaten the health of human beings as well as those substances which are directly employed in the processing of cocaine hydrochloride.

CONTROL AGENCY

The agency charged with the national control of substances shall be the National Council Against the Unauthorized Use and Illicit Traffic in Drugs (the National Council). This body will be responsible for promulgating regulations and policies aimed at combating drug traffic, preventing its consumption and providing for the treatment and social rehabilitation of those who have succumbed to its destructive use. The Council shall be comprised of representatives from nine cabinet ministries.

LRCSC provides for enforcement through the institutional support of the Armed Forces and the National Police which shall establish units, equipment and specialized personnel from their jurisdictions to investigate and compile information regarding the activities of narcotics traffic and wage war on the illicit use of drugs.

Through this law the doors are open to the possibility of the creation of a cabinet level position which will be empowered to coordinate the tasks of the war on narcotics traffic.

VIOLATIONS AND PENALTIES

LRCSC defines a number of proscribed activities and provides for jail sentences as well as fines. In order to maintain a uniform system of values for the imposition of fines, the legislators have devised an inflation proof system of imposing fines in terms of wage days.

Those who engage in the maceration of coca leaves with kerosene and bicarbonate of soda to effect the chemical transformation of coca to cocaine hydrochloride shall be subject to between 1 and 2 years incarceration.

Transporting controlled substances or inciting another to contravene the controlled sustance provisions shall be punnished by a jail sentence of between 4 and 12 years.

The law proscribes the illicit processing of controlled substances and provides for sanctions of between 5 and 12 years in jail.

For those who traffic in narcotics the penalty shall be between 10 and 25 years in jail, and 10 to 15 years for those who deal or broker controlled substances.

Those who are found guilty of committing homicide or causing it to be committed while violating the controlled substances provisions shall serve between 20 and 30 years in jail.

The law eliminates all immunities previously enjoyed by public officials except those established by the Constitution. In fact, sanctions against public officials who in the exercise of their duties directly or indirectly collaborate with the traffic or consumption of narcotics provide that the established penalty shall be increased by one-third. Any official, judge or magistrate who accepts a bribe to protect the consumption of or traffic in controlled substances shall serve a jail sentence of between 8 and 12 years.

CONFISCATION OF REAL AND PERSONAL PROPERTY

The real property in which coca is illegally grown or in which controlled substances are processed shall become the property of the State. Such property shall be forfeited to the National Council. Any aircraft and related equipment and material shall be forfeited to the Bolivian Air Force, and any navigable crafts and navigation equipment and materials shall be forfeited to the Bolivian Navy.

The forfeiture of real property shall proceed against any owner who has participated in a violation of the LRCSC. Forfeiture will also be applicable to owners who had knowledge that their property was being used for the illegal cultivation of coca or for the processing of controlled substances and failed to inform the authorities of such a violation.

CRIMINAL JUSTICE

The law creates a system of special courts to deal with violations of LRCSC. These courts shall be comprised of three judges who will be triers of fact constituting the court of first impression. The creation and regulations of these courts are incorporated in the Law of Judicial Organization, thus integrating them into the existing criminal justice system. These "Controlled Substances Courts" shall have the power to investigate the assets of persons and corporations against whom *prima facie* violations are charged.

INTERNATIONAL REGULATION

Because narcotics traffic is a transnational crime against humanity and a violation of international law, the National Council shall coordinate its actions with public and private foreign entities as well as with international organizations. LRCSC also empowers the executive branch of the Bolivian government to solicit assistance and advice from foreign governments and international organizations as well as foreign enterprises to achieve a joint and effective action in the performance of International treaties.

July 26, 1988

bba

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OCT 06 1989

MAJORITY OFFICE

EMBASSY OF PERU
WASHINGTON, D. C. 20036

October 4, 1989

Senate Permanent Subcommittee on Investigations

EXHIBIT # 27

The Honorable
Carl Levin
United States Senate
Washington, D.C.

Dear Senator Levin:

In reviewing the transcript of the hearings on U.S. Government's anti-narcotic activities in the Andean region of South America, I found that my answers to your questions on the morning of September 27 perhaps did not properly reflect my views on the subject of your questions.

Your relevant and penetrating questions, as listed below, need very clear answers, since therein may lie the key to the whole suggestion of "buying and destroying". Your questions referred to:

a) What would happen if the drug-traffickers would offer higher prices than the $ 1,300 per metric ton theoretically fixed as of now for "buying and destroying" purposes;

b) Assuming the present farmers and farm hands would comply, as suggested, with the policy of "buying and destroying", how many farmers would be available to start new cultivations elsewhere and deal with the traffickers ignoring the "buying and destroying" policy; and

c) The erradication of coca leaf plantations, by whatever method, is not possible without crop substitution or some form of satisfactory employment and/or compensation to the present coca leaf producers.

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WASHINGTON, D. C. 20036

Let me try a clarification to the answers I gave you:

a) The implementation of the "buy and destroy" policy would be preceded by very clear and continous public announcements that the policy would affect exclusively the present areas and benefit only farmers presently cultivating coca-leaf. These farmers and farmhands would be duly registered. New plantations anywhere else would be subject inexorably to the "burn for free" measure. The buying of coca-leaf would be a matter of contractual agreements with the farmers and would be implemented along the control lines of other products under quotas. This measure, as a first step into crop substitution with guaranteed markets, should be part of a sound program of social and economic development. The financing of agro-industrial projects promoting cocoa, rice, coffee, tropical fruits, flowers and other produce of the region ought to be able to commit the farmers in the region to a more peaceful and productive life.
My own feeling is that, everything considered, the coca-leaf farmers would unquestionably prefer to deal and live under the law.

b) I certainly do not know how many farmers coming from other areas of Peru into the potentially coca-leaf producing lands would be willing to mass mobilize to a different region, to a different climate and ecology -abandoning not only their habitat but also the land of their ancestors-, to prepare the soil, obtain terrorist protection, start producing coca-leaf and deal with the drug traffickers in order to supply them with their produce. What I can assure you is that such migrating movements and new vast agricultural enterprise would be enormously difficult to accomplish and very easy for the DEA and the Peruvian police to detect and frustrate.

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c) The erradication of present coca-leaf plantations by whatever method, has obviously not proven practical so far. It is not the Peruvian Government decision to oppose it. It has cooperated with the U.S. Government's suggestions, including the experimental use of herbicides, etc., without being able to reach into real satisfactory solutions.
Erradication by itself, and without complementary policies as described elsewhere in this letter, would undoubtedly lead to more poverty and misery for the farmers concerned and still more difficulties for the country as a whole.

Thanking you in advance for your kind consideration to this letter, I remain,

Sincerely yours,

César G. Atala
Ambassador

cc.: Senator Sam Nunn
Senator William Cohen
Senator William V. Roth, Jr.
Senator Edward Kennedy
Senator Herb Kohl
Senator Joseph Lieberman

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Senate Permanent Subcommittee
on Investigations

EXHIBIT # 28

U.S. Narcotics-Related Assistance to Major Andean Coca and Cocaine-Producing Countries Fiscal Years 1988-1990*

On September 5, 1989, President George Bush announced a national drug control strategy which includes an Andean initiative aimed at reducing the flow of cocaine into the United States. According to the President's report, virtually all cocaine in this country is derived from coca grown in three Andean nations: Peru (60%), Bolivia (30%), and Colombia (10%). Additionally, 80% of all cocaine in the United States is processed in and shipped from Colombia.[1]

The President's initiative would provide U.S. law enforcement, military, and economic assistance to these three countries to achieve four objectives. These are: to disrupt and dismantle drug trafficking organizations, isolate major coca-growing areas, block delivery of chemicals used for cocaine processing, and destroy cocaine hydrochloride processing labs. For FY1990, the only funds to be provided in addition to what the Administration already requested would be for law enforcement and military assistance. Additional economic assistance would not be available until FY1991 and would be linked to progress in narcotics control efforts.

The attached tables show the amounts of U.S. narcotics-related assistance obligated to Bolivia, Colombia, and Peru in fiscal years 1988 and 1989, and requested by the Administration for 1990, including the additional funding called for in FY1990 in the national drug control strategy.

The figures for military aid are the total amount of military aid provided to these countries. According to the Office of National Drug Control Policy, the Administration considers all of its military aid to Bolivia, Colombia, and Peru to be directly or indirectly supportive of narcotics-control efforts. The Administration has also defined other objectives for its military aid to these countries, however, including support of counter-insurgency efforts in Colombia and Peru, and the promotion of constructive economic policies in Bolivia and Peru.[2]

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* Prepared by Maureen Taft-Morales, Analyst in Latin American Affairs, Foreign Affairs and National Defense Division. September 19, 1989.

[1] White House. National Drug Control Strategy. September 1989. p. 62-63.

[2] See: Congressional Presentation for Security Assistance Programs. Fiscal Year 1990.

Drug Control Strategy Proposal
U.S. Narcotics-Related Assistance to Major Andean Coca and Cocaine-Producing Countries[*]
(millions of U.S. dollars)

FY 1990 Request, Including Bush Administration Proposal of 9/89

	Original FY 1990 Request				Additional FY 1990 Request				
	Narcotics-Related Economic Assistance	Military Assistance	Drug Enforcement Administration	**Total Original Request**	Narcotics-Related Economic Assistance	Military Assistance	Drug Enforcement Administration	**Total Additional Assistance**	**Total Drug Control Strategy**
Administering Agency/Dept.	(State, AID)	(Defense)	(Justice)			N/A[b]	(Justice)		
Bolivia	40.1	7.5	4.0	**51.6**	0.0	N/A	N/A	**46.0[a]**	**97.6**
Colombia	10.4	21.5	4.2	**36.1**	0.0	N/A	N/A	**54.7[a]**	**90.8**
Peru	22.1	5.5	4.3	**31.9**	0.0	N/A	N/A	**41.4[a]**	**73.3**
Total	**72.6**	**34.5**	**12.5**	**119.6**	**0.0**	**136.8**	**5.3**	**142.1[b]**	**261.7**

[*] These tables were prepared by Maureen Taft-Morales, Analyst in Latin American Affairs, Foreign Affairs & National Defense Division, Congressional Research Service.

Sources: Agency for International Development (AID), Department of State

[a] Source: Michael Isikoff, Washington Post, September 13, 1989. Country figures are reported estimates. The Administration has not yet determined the final composition of funds by country.

[b] The Office of National Drug Control Policy also reports a total of $142.1 million. The office reports that $136.8 million will come from Department of Defense funds, though which office will administer the funds is unclear. $5.3 million will come from the Department of Justice for the Drug Enforcement Administration.

U.S. Narcotics-Related Assistance to Major Andean Coca and Cocaine-Producing Countries
(millions of U.S. dollars)

FY 1990 Original Request

	International Narcotics Control	Narcotics-Related Development Projects	Drug Awareness Projects	Total Narcotics-Related Economic Assistance	IMET	FMS	**Total Military Assistance**	**Total Drug Enforcement Administration**	**Total Narcotics-Related Assistance**
Administering Agency/Dept.	(State)	(AID)	(AID)		(Defense)	(Defense)		(Justice)	
Bolivia	9.2	30.1	0.8	40.1	0.5	7.0	7.5	4.0	51.6
Colombia	10.0	0.0	0.4	10.4	1.5	20.0	21.5	4.2	36.1
Peru	19.0	2.5	0.6	22.1	0.5	5.0	5.5	4.3	31.9
TOTAL	38.2	32.6	1.8	72.6	2.5	32.0	34.5	12.5	119.6

Sources: Agency for International Development (AID), Department of State.

U.S. Narcotics Related Assistance to Major Andean Coca and Cocaine-Producing Countries
(millions of U.S. dollars)

FY 1989 Estimated Obligations

	International Narcotics Control	Narcotics-Related Development Projects	Drug Awareness Projects	**Total Narcotics-Related Economic Assistance**	IMET	MAP	**Total Military Assistance**
Administering Agency/Department	(State)	(AID)	(AID)		(Defense)	(Defense)	
Bolivia	10.0	26.0	0.7	**36.7**	0.8	5.0	**5.8**
Colombia	10.0	0.0	0.4	**10.4**	1.0	71.0[a]	**72.0**
Peru	10.0	1.5	0.8	**12.3**	0.5	1.5	**2.0**
TOTAL	**30.0**	**27.5**	**1.9**	**59.4**	**2.3**	**77.5**	**79.8**

[a] Includes $6 million originally requested for FY89, plus $65 million in emergency military aid proposed by President Bush in August 1989.

Sources: Agency for International Development (AID); Office of National Drug Control Policy; Defense Security Assistance Agency.

U.S. Narcotics-Related Assistance to Major Andean Coca and Cocaine-Producing Countries
(millions of U.S. dollars)

FY 1988 Actual Obligations

	International Narcotics Control	Narcotics-Related Development Projects	Drug Awareness Projects	Total Narcotics-Related Economic Assistance	IMET	MAP	Total Military Assistance
Administering Agency/Dept.	(State)	(AID)	(AID)		(Defense)	(Defense)	
Bolivia	15.0	11.1	0.7	26.9	0.4	0.0	0.4
Colombia	9.8	0.0	0.3	10.1	0.9	3.0	3.9
Peru	7.5	0.5	0.8	8.8	0.4	0.0	0.4
TOTAL	32.3	11.6	1.8	45.8	1.7	3.0	4.7

Sources: Agency for International Development, Office of National Drug Control Policy.

U.S. AID TO BOLIVIA, COLOMBIA, AND PERU

(millions of dollars)

	1984	1985	1986	1987	1988	1989 (est)	1990 (request 2/89)	1990 (revised 9/5/89)
BOLIVIA:								
Development Aid	52.3	18.4	31.2	21.2	29.6	22.0	21.7	21.7
Food Aid	22.1	29.5	32.2	36.5	34.9	25.8	33.1	33.1
Peace Corps	–	–	–	–	–	0.6	1.0	1.0
Inter-American Foundation	0.9	1.2	0.2	0.2	0.3	–	–	–
Economic Support Fund	–	–	7.2	7.5	7.8	25.5	30.0	30.0
Int'l. Narcotics Control	2.7	1.5	3.9	12.5	15.0	10.0	9.2	9.2
Military Grants	–	3.0	1.4	1.0	–	5.0	7.0	53.0*
Military Market Loans	–	–	–	–	–	–	–	–
Military Concessionary Loans	–	–	–	–	–	–	–	–
Military Training (IMET)	0.1	0.4	0.1	0.2	0.4	0.8	0.5	0.5
TOTAL	78.1	54.0	76.2	79.1	88.0	89.7	102.5	148.5
COLOMBIA:								
Development Aid	–	–	–	–	–	–	–	–
Food Aid	–	–	–	–	0.1	0.1	–	–
Peace Corps	–	–	–	–	–	–	–	–
Inter-American Foundation	1.4	0.6	0.9	0.4	0.5	–	–	–
Economic Support Fund	–	–	–	–	–	5.0	–	–
Int'l. Narcotics Control	6.8	10.7	10.6	11.6	9.8	10.0	10.0	10.0
Military Grants	–	–	3.3	3.5	3.0	71.0**	20.0	74.7*
Military Market Loans	24.5	–	–	–	–	–	–	–
Military Concessionary Loans	–	–	–	–	–	–	–	–
Military Training (IMET)	0.8	0.8	1.0	1.6	1.0	1.0	1.5	1.5
TOTAL	33.5	12.1	15.8	17.1	14.4	87.1	31.5	86.2
PERU:								
Development Aid	118.9	37.9	18.9	15.9	27.5	14.5	14.2	14.2
Food Aid	43.0	38.7	28.7	33.7	35.0	22.8	28.2	28.2
Peace Corps	–	–	–	–	–	–	–	–
Inter-American Foundation	–	–	–	0.3	0.2	–	–	–
Economic Support Fund	–	–	7.0	5.3	0.5	2.0	5.0	5.0
Int'l. Narcotics Control	2.8	2.4	3.7	8.4	7.5	10.0	10.0	10.0
Military Grants	–	–	–	–	–	1.5	5.0	46.4*
Military Market Loans	10.0	3.0	–	–	–	–	–	–
Military Concessionary Loans	–	5.0	–	–	–	–	–	–
Military Training (IMET)	0.7	0.7	0.6	0.1	0.4	0.5	0.5	0.5
TOTAL	175.4	87.7	58.9	63.7	71.1	51.3	62.9	104.3

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* Also includes small, but unspecified, amounts for the Drug Enforcement Administration.

** Includes $65 million in emergency military aid announced in August 1989.

Prepared by Larry Nowels, Foreign Affairs and National Defense Division, Congressional Research Service.

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